

# F B I S R E P O R T

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## ***CENTRAL EURASIA***

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# FBIS Report: Central Eurasia

FBIS-USR-93-003

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**Edict on Settling Former USSR's Domestic Foreign Currency Debt**

935D0183A Moscow ROSSIYSKAYA GAZETA  
in Russian 22 Dec 92 p 5

[*"Edict of the president of the Russian Federation: On Measures for Regulation of the Domestic Foreign Currency Debt of the Former USSR"*]

[Text] In order to provide the conditions necessary for regulating the domestic foreign currency debt and also to fulfill Point 2 of the decree of the Presidium of the Supreme Soviet of the Russian Federation of 13 January 1992, No. 2172-I, "On the USSR Bank for Foreign Economic Activity [Vneshekonombank]," I decree:

1. Indebtedness of the Vneshekonombank to physical persons is to be repaid effective 1 July 1993 at the first demand of the clients without restricting the sum issued to what is available in their accounts.

Funds of the republic budget of the Russian Federation are to be used to repay indebtedness to physical persons who are residents of the former USSR—100 percent of the foreign currency revenues earmarked in keeping with individual decisions of the Government of the Russian Federation for repayment of obligations to physical persons and also funds from the sale of assets of the former USSR, as stipulated by Point 10 of the resolution of the interstate council for monitoring the servicing of the foreign debt and the use of assets of the USSR of 28 May 1992 (Protocol No. 11).

The Vneshekonombank is to convert the funds of its clients into clearing and closed currencies and currencies of the former socialist countries into freely convertible currency (U.S. dollars) at the following rates:

—for clearing and closed currencies—2:1;  
—for currencies of the former socialist countries—5:1.

2. The Ministry of Finance of the Russian Federation in conjunction with the Central Bank of the Russian Federation is to provide for the repayment of the domestic foreign currency debt of the former USSR to Russian legal entities based on the priorities stipulated in the appendix to the president's edict.

3. Taking into account the succession of interest of the Russian Federation for obligations of the former USSR to Russian enterprises, organizations, and institutions, including banks, according to their foreign currency accounts in the Vneshekonombank as of 1 January 1992, to instruct the Ministry of Finance of the Russian Federation in conjunction with the Central Bank of the Russian Federation and the Vneshekonombank, to translate the aforementioned obligations into foreign currency under the following basic conditions:

—issuer—Ministry of Finance of the Russian Federation;  
—currency of funded loan—U.S. dollars;

—interest rate—three percent annually;  
—period of repayment of funds—from one year to 15 years.

4. Before 20 December 1992 the Ministry of Finance of the Russian Federation in conjunction with the Central Bank of the Russian Federation is to develop and submit for the approval of the Government of the Russian Federation detailed conditions for issuing a domestic state foreign currency funded loan with an indication of the time periods for the distribution of state bonds among legal entities that own the corresponding foreign currency accounts and, within a week after the approval, publish them in the central press.

5. The Ministry of Finance of the Russian Federation in conjunction with the Central Bank of the Russian Federation is to form a special fund for repayment of the domestic state foreign currency debt and, under the established policy, each year submit suggestions for allotting the corresponding allocations from the republic budget of the Russian Federation, taking into account the time periods for the repayment of the aforementioned loan.

The Ministry of Finance of the Russian Federation in conjunction with the Central Bank of the Russian Federation within a month's time is to develop a procedure whereby this bank can reserve the corresponding foreign currency resources, taking into account the time periods for repayment of the loan.

The Ministry of Finance of the Russian Federation within two months' time is to provide for the printing of bonds for domestic state currency for the funded loan.

6. The Ministry of Finance of the Russian Federation in conjunction with the Central Bank of the Russian Federation and the Vneshekonombank within a month's time is to solve the problem of the creation and registration of a specialized financial investment company in the form of a joint-stock company of the closed type with the state's controlling block of shares in the amount of 51 percent and the state performing the functions of an authorized agent for the issuance, organization of circulation, and performance of operations with bonds of the domestic state foreign currency funded loan and also control of the special fund for repayment of this loan.

The State Committee of the Russian Federation for Management of State Property is to allot premises for the specialized financial investment company.

7. The present edict goes into force according to the procedure established by the decree of the Fifth Congress of People's Deputies of the RSFSR of 1 November 1991, "On Legal Support for the Economic Reform."

[Signed] President of the Russian Federation B. Yeltsin  
Moscow, the Kremlin  
7 December 1992  
No. 1565

**Table of the distribution of bonds of the Ministry of Finance of the Russian Federation According to Time Periods and Amounts of Their Repayment Among Legal Entities With Foreign Currency Accounts in the Vneshekonombank**

Time periods for repayment of bonds	Legal entities with foreign currency accounts	Amount of repayment of bonds (in percentages of the sum of blocked funds of each of the owners of foreign currency accounts indicated in tranches)
<b>First tranche—one year</b>		
	commercial banks	10
	philanthropic funds	100
	clients of Vneshekonombank with indebtedness in foreign currency credits which is repaid with residual funds in blocked accounts	20
	joint ventures	20
<b>Second tranche—three years</b>		
	commercial banks	50
	clients of Vneshekonombank with indebtedness under foreign currency credits which is repaid with residual funds in blocked accounts	40
	branches of Vneshekonombank in the Russian Federation	50
	joint ventures	50
<b>Third tranche—six years</b>		
	commercial banks	40
	branches of Vneshekonombank in the Russian Federation	50
	joint ventures	30
	clients of Vneshekonombank with indebtedness under foreign currency credits which is repaid with residual funds in blocked accounts	40
<b>Fourth tranche—10 years</b>		
	foreign trade associations, enterprises, and cooperatives, and also associations of them	55
<b>Fifth tranche—15 years</b>		
	foreign trade associations, enterprises, and cooperatives, and also associations of them	45

Note. The above table applies to legal entities with foreign currency accounts in the Vneshekonombank registered in the above table of organizational-legal forms as of 1 January 1992.

**Khasbulatov on Role of CIS Assembly**

*93UN0603A Moscow ROSSIYSKAYA GAZETA  
in Russian 26 Dec 92 p 7*

[Interview with Ruslan Khasbulatov, chairman of the Supreme Soviet of Russia and chairman of the Council of the Interparliamentary Assembly of CIS Countries, by journalist Vasiliy Ustyuzhanin; place and date not given; published in the column "Foreign Courier: On All Meridians": "We Showed Responsibility and Common Sense"]

[Text] On 29 and 30 December a second plenary meeting of the Interparliamentary Assembly of CIS Countries will be held in St. Petersburg. As is known, the Palmyra of the north has been selected to be the location for the permanent operation of the new entity. What is behind the creation of this assembly? In general, what are the prospects for cooperation among the countries of the Commonwealth? It is no secret that public opinion toward this new-fangled institution has so far been guarded. Ruslan Khasbulatov, chairman of the Supreme Soviet of Russia and chairman of the Council of the Interparliamentary Assembly of CIS Countries, answers some questions put by journalist Vasiliy Ustyuzhanin.

[Ustyuzhanin] Ruslan Imranovich, the Soviet Union as a unified state was not broken up without vigorous efforts on the part of politicians, or if we are to be more precise, it was broken up primarily through the vigorous efforts of politicians. In light of this, does the hasty creation of the Interparliamentary Assembly not appear to be a peculiar "prayer for the absolution of sins?"

[Khasbulatov] Let us leave the issue of who broke up the state and for what reasons it came down as a house of cards for history. History will evaluate the proportion of objective and subjective, regular and random factors in this truly dramatic process which abruptly changed the geopolitical situation in the world and the destinies of the people. In life, what is done is done. Politicians who desire peace for their nations should seek means to put the life of a state on the path of progress under the new conditions rather than through nostalgia for the past. This is why I view the creation of the assembly as the first attempt to find wise political solutions in this historic reality which will make the lives of the nations easier. This is not a prayer for the absolution of sins but rather the necessary common sense which has been shown by responsible politicians in a critical situation.

[Ustyuzhanin] Only six states—Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan, and Tajikistan—consented to become members of the Interparliamentary Assembly. Do you consider this to be a defeat for the concept from the outset?

[Khasbulatov] By no means. After all, we did not assemble out of coercion. We assembled voluntarily. Russia did not drag anybody by force into the orbit of the new agreement. Moreover, I would evaluate the very concept of unification from the standpoint of global

prospects rather than political exigencies of the moment. No matter who comes out against integration tendencies and in what manner, they will prevail anyway. If not the politicians then the peoples themselves will insist that the path of internecine wars (trade, financial, and information wars) be abandoned in favor of the path of peace and cooperation.

I am certain that, as time goes by, new states will join the assembly, including Ukraine. It is the will of fate itself for us to live together.

[Ustyuzhanin] That is, to use a common term, the idea of the assembly was hanging in the air?

[Khasbulatov] I communicate virtually every day with my colleagues from the former Soviet republics; if this mutual movement toward one another were absent, nothing would be happening. Many representatives of the Supreme Soviets of Commonwealth states perceived the need for this international organization. However, its accomplishment turned out to be difficult. Numerous consultations and meetings of parliamentary delegations were needed for the concept of the organization to take shape.

The first such meeting was held early in the year, more precisely on 24 January, in Minsk. It was right there that we agreed to study the issue of creating the Interparliamentary Assembly. A month later it was recommended in Moscow, at a conference of heads of the Supreme Soviets, that the parliaments of CIS states consider a draft agreement on such an organ which was signed by the heads of the enumerated parliaments at a meeting in Alma-Ata on 27 March. Finally, the first meeting of the assembly was held in Bishkek on 16 September. Incidentally, representatives of Azerbaijan also attended with the status of observers. The Interparliamentary Assembly has been established as a consultative institution for discussing a broad range of political and socio-economic issues of mutual interest. That is, just over half a year was needed for us to proceed from words to deeds: Life was urging us on.

[Ustyuzhanin] Like any new collective institution, the assembly should assume, shall we say, functions which are outwardly attractive as far as public opinion is concerned. What issues were on the agenda of the first meeting of the Interparliamentary Assembly? In general, what will participants in the assembly strive for?

[Khasbulatov] First of all, national economies should be freed from the paralysis of intereconomy relations which has resulted from economic isolation, complicated bank transactions, and regional conflicts. This is why the foremost task is to develop uniform legislative approaches in the economic area. After all, it is an abnormal situation when an enterprise discontinues the delivery of equipment and breaches a contract, and yet no sanctions can be imposed against it. They do not run the economy that way even in Third World countries.

In a special document the assembly set forth the main points for bringing national legislation closer. They are the status and general conditions for the operation of economic entities, including enterprises; legal provisions for the operation of common power systems and nuclear power generation; the regimen of interstate transportation systems, interstate movement of goods, funds, and common procedures for mutual settlements; customs rules and duties; migration of labor and guarantees of labor and social rights of employees; exchange of information between states, and so on.

However, a second task—coordinated approaches to the issue of ensuring the rights of citizens and social protection for them—is equally as important. Here is a typical situation: A person was born in Belarus, served in the army in Tajikistan, worked in Azerbaijan and Armenia, and retired in Russia. Under what laws are his social rights to be upheld? Who will issue vouchers to him? How will his retirement benefits be calculated? Who will provide housing and medical treatment for him? After all, these are not far-fetched questions.

What is to be done about people working in the north who wish to return to their native lands—Ukraine or, say, Belarus? Or about the issue of contacts between relatives? Our past binds us to such a degree that, perhaps, there is not a family in the former [as published] CIS, and certainly not in Russia, which does not have relatives and loved ones in what now are nearby foreign countries. This is why participants in the assembly adopted the Declaration "On Social Protection of Citizens," affirming its adherence to international principles with regard to human rights and obligations assumed when the Commonwealth was formed. We called on the state organs of the member countries of the Commonwealth to take additional measures for social protection of the most vulnerable groups of the population, development of the institution of property protection, migration of the population and the creation of conditions for the survival of refugees, and elimination of the consequences of natural disasters, ecological catastrophes, and epidemics.

[Ustyuzhanin] However, for now these are mere declarations, protocols of intent...

[Khasbulatov] There is no argument! Of course, it would be better to mark the proceedings of the assembly right away by adopting a package of specific legislative decisions. However, only destruction may be carried out quickly. It is much more difficult to build. We agreed to develop uniform agreements on housing swaps, preferences for various categories of citizens, mutual assistance in cases of urgent medical need, and recognition of diplomas and certificates of education on the territories of all CIS countries. Joint groups are working on this. These will be the first legal decisions which will actually simplify procedures for our mutual relations.

[Ustyuzhanin] The Russian parliament has adopted a Law "On Citizenship" which provides an opportunity

for dual citizenship. Other republics did not take this step. Was there any rapprochement in this sphere which is significant to millions of people?

[Khasbulatov] Our delegation came out with the idea of gradual movement toward uniform citizenship on the territory of the CIS by way of signing bilateral and trilateral state-to-state treaties. This proposal did not cause objections from participants. Nobody objected resolutely, despite various views being stated. There is hope that in the foreseeable future the issue will be resolved successfully.

[Ustyuzhanin] Technically, how can the contradictory legislative provisions of the republics be reconciled?

[Khasbulatov] We discussed this, too. It does not make sense to reinvent the wheel. There is international experience with regard to recommended (model) legislative acts. Besides, technical instruments will be used, such as mutual exchanges of information on acts which are adopted or are being prepared, joint discussions of laws at the stage of preparation, consideration of the issues of bringing legislation closer together in the coordinating institutions of the Commonwealth, scientific conferences, and recommendations of scientists. Incidentally, the assembly resolved to set up an interparliamentary information and reference service.

[Ustyuzhanin] Ruslan Imranovich, you were elected chairman of the Council of the Assembly. We may congratulate you on this, and at the same time sympathize with you because you assumed the additional burden of complex responsibilities. What is your vision of the future operation of the assembly?

[Khasbulatov] Thank you for congratulating me, though I am not to "blame" for this. Respect for Russia and recognition for its merits were expressed in the decision of participants in the meeting. Besides, this will be a position subject to rotation; it is just that the term of office of council chairman has not yet been determined.

Now, about the organizational format of the proceedings of the assembly. Naturally, this issue has also been discussed. The council was established with six members and five working commissions—for legal issues, the economy and finance, social policy and human rights, environmental issues, and security issues. Procedures for the formation of the assembly were determined. According to regulations, parliamentary delegations will be represented, whose composition and powers will be determined by the Supreme Soviets of the states. All delegations will enjoy equal rights and have one vote. Plenary sessions will be held at least twice a year. Recommended legislative acts will be referred for consideration by the parliaments of the republics. Therefore, arrangements for interparliamentary cooperation have actually been made. In the opinion of participants, it is also necessary to have a permanent secretariat of the

assembly and an inter-parliamentary club of sociopolitical movements and parties, as well as to establish an interparliamentary herald and a bulletin on the legislation of the CIS states.

By arrangement with the city authorities, St. Petersburg will become the location for permanent proceedings of the sessions of the Interparliamentary Assembly and, in general, for the meetings of parliament members or, more precisely, the famous Tavrida Palace will. That is to say, the city will once again acquire the status of a capital city.

Summing up our conversation, I will repeat myself. The sooner politicians begin to speak a common language which is understandable to all peoples, the shorter our path toward progress will be. People are tired of the senselessness of what is happening. The decisions we have developed together represent movement toward certainty and common sense. They should be built upon. I am convinced that if we fail to take this chance, the idea of a parliamentary system in Russia, at which we arrived with great difficulty and only through which it is possible to implement truly democratic transformations, may be discredited once again, and the despairing population may call on "yet another dictator" to become the savior of the Motherland. I would not like this lot to befall the country. I would not like it at all. Too much blood has been shed by our country in the name of the triumph of totalitarianism. The country has had enough.

#### Former KGB Agent Discusses Role of 'Agents of Influence'

934C0577A Moscow NEZAVISIMAYA GAZETA  
in Russian 11 Dec 92 p 6

[Interview with Lev Alekseyevich Basin by Pavel Koltsov, NG reporter; place and date not given: "An 'Agent of Influence' May Not Even Know That He Is—an Agent: And It Is Very Difficult to Unmask Him"]

[Text] Following the example of the leaders of the "uncompromising opposition," the public has expressed a greater interest in so-called "agents of influence." An NG [NEZAVISIMAYA GAZETA] reporter spoke about this subject with a former KGB resident agent who had been in one of the Asian countries and is now an active member of the Association of Veterans of Foreign Intelligence. His name is Lev Alekseyevich (real name) Basin (pseudonym).

[Reporter] "An agent of influence"—what is it?

[Basin] He is a citizen of one country who acts in the interests of another country, using for this purpose his high position in the highest echelons of power, such as the country's government, political parties, parliament, mass media, etc.

During the 1980's, the USA conducted symposiums (in our country they would be called scientific-theoretical conferences) in which CIA employees, political figures, and sociologists participated, and during the course of

which both theoretical postulates and practical recommendations were worked out for American special services on recruiting "agents of influence" who—in general—get high grades on a value scale of any intelligence service in any agency.

[Reporter] Does the CIA at the present time, after the end of the "cold war" and after the downfall of the "evil empire," that is, after the breakup of the USSR, use practical advice and recommendations of symposiums?

[Basin] Without a doubt. After all, the American administration has not officially announced anywhere that it is relinquishing the USA's leadership position in the world. In addition, Americans are pragmatists, and if they have really developed a clear-cut concept of the importance of recruiting "agents of influence" for their national interests, then they will certainly put that concept into operation.

[Reporter] How do "agents of influence" differ from other kinds of agents?

[Basin] There are many major differences. A candidate for the high position of "agent of influence" is not given a job offer from an intelligence service; he does not sign anything about his voluntary cooperation; and he does not receive a monthly paycheck as a reward for his work or a receipt. An "agent of influence" does not go through any special training in conspiracy (such as, checking his route, going out for a regular or special contact, etc.).

Thus, an "agent of influence" may not even know, and may not guess, that he is being used by special services in the interests of a foreign government. It is subtly and imperceptibly suggested to him that everything that he does is for the good of his country.

[Reporter] From your definition, one gets the impression that it is easy to label someone as an "agent of influence," but to prove that he is one, if one proceeds from a presumption of innocence, is legally very difficult.

[Basin] That is correct. To discover and unmask an "agent of influence" is very difficult for counterintelligence if it cannot obtain secret documentary data about it. This characteristic was pointed out long ago by Gehlen, the former chief of West German intelligence, in his book "Service." According to him, the "gullible philanthropist" Cyrus Eaton, the founder of the Pugwash Conferences, allegedly fell under the influence of the USSR, thereby becoming an influential "agent of influence" of the KGB, but being unaware of it. This is how the struggle to end the arms race can be interpreted, as well as the non-proliferation of nuclear weapons and their prohibition! In his book, Gehlen expressed great dismay that such activities of "Soviet agents of influence" is not illegal and the number of the Soviet "agents of influence" cannot be determined even approximately.

[Reporter] Gehlen spoke about a great number of Soviet "agents of influence." Was he exaggerating?

[Basin] No. The KGB tried to keep up with the CIA.

[Reporter] And did you have your own "agent of influence"?

[Basin] Yes, I did. In working with him, we took into consideration the common goals of our two countries. The agent was working for the interests of his people, who were trying to attain national independence.

[Reporter] What are you doing now?

[Basin] I am following events in our country with trepidation and sadness. My personal opinion is that we are disarming not only in the area of nuclear weapons, which is correct, but in the area of intelligence, which is not correct. I am writing a book, "The Sting of Intelligence," in which the subject of "agents of influence" is discussed in detail.

#### **Eurasia Commonwealth Proposed By Democratic Reform Group**

93UN0563A Moscow RABOCHAYA TRIBUNA  
in Russian 22 Dec 92 p 2

[Excerpts from draft Concept and Charter of the Eurasia Commonwealth by the Movement for Democratic Reforms, with commentary by N. Nazarbayev, president of the Kazakhstan Republic: "Towards New Accord"]

[Text] The Second Congress of the Movement for Democratic Reforms will convene on 26 December. A draft concept and Charter of the Eurasia Commonwealth, drawn up by a number of social organizations, will be examined at the congress. The purport of this document is to seek ways of effecting democratic reformation of the common Motherland and creation of a civic society based on accord and mutual interest.

RABOCHAYA TRIBUNA today publishes chapters from this document.

[begin boxed portion]

#### **In the Name of Collective State Interests**

*I was gratified to become acquainted with the position of the International Movement for Democratic Reforms [DDR] on the question of establishing a coordinating economic organ in the CIS, with the intention of the DDR to develop the social movement "Towards New Accord" which will be international in nature, and with the drafts of its program documents. It seems that the main purpose of the new social movement being established—to terminate conflicts and preserve peace—responds fully to the collective state interests of CIS member states.*

*In expressing my support for this initiative, I would consider it expedient to continue to receive information on the specific measures being taken by those who have created the movement "Towards New Accord."*

[Signed] N. Nazarbayev, president of the Kazakhstan Republic. [end boxed portion]

#### **The Eurasia Charter**

We, representatives of the peoples of Europe and Asia, imbued with an understanding that only if we are united will we be able to preserve our originality, attain freedom, justice, and prosperity, and provide for the future of our descendants, announce the establishment of the Eurasia Commonwealth.

We avow the following principles as being fundamental:

1. The members of the Commonwealth declare their adherence to democratic choice, and to political and spiritual freedom of the individual regardless of ethnic, racial, or religious affiliation.
2. The members of the Eurasia Commonwealth proceed from the indivisible unity of interests of the people and rights of the individual. The attainment of one is impossible without observance of the other, and vice versa.
3. Every people, regardless of its numerical strength, place of residence, or preceding historical experience, has the right to existence, retention of its ethnic originality and native language, and development in any form which is acceptable to it.
4. No people should be an object of persecution, condemnation, or genocide, or a victim of political, economic, or social discrimination.
5. The realization by one people of its rights and freedoms must not threaten the rights and freedoms of other peoples or ethnic minorities in any sphere whatsoever of public life.
6. Ethnic minorities residing in the territory of entities of the Commonwealth have the right to establish ties with their historic Motherland, to maintain their traditional values and way of life.
7. The land and its depths, the waters, the plant and animal world, and the fruits of common labor constitute the national possession of all peoples who reside in the territory concerned.
8. Each person has the right to life and to the protection of his life and dignity, as well as the lives and dignity of those near to him, using every means at his disposal.
9. All people, regardless of sex, social, racial, or ethnic affiliation, are equal before the law.
10. Each person has the right to possession of the entirety of rights and freedoms in the territory in which he resides and where he bears economic obligations in the form of payment of taxes.
11. Every individual who has reached a certain age as determined by the law, regardless of sex, social, ethnic, or racial affiliation, has the right to participate in public life, to elect and be elected in elections at any level.
12. No legislative organ can issue laws restricting freedom of speech or of the press, or the right of the

people to assemble peacefully, or to appeal to the Government with petitions to settle complaints or demands to conduct a referendum.

13. No legislative organ can issue any law whatsoever related to the establishment of religion or prohibition of religion, provided it is not associated with evil worship.

14. Every person has the right to speak in whatever language he desires.

15. Every person has the right to inviolability of self, dwelling, documents, and property. No one may be condemned to death except through decision of a jury following a public investigation conducted according to procedure as established by law.

16. Every person has the right to demand access to any information, unless such information is confidential by virtue of publicly proclaimed law.

17. Every person has the right to freely choose his place of residence and to change location, unless he has already voluntarily obligated himself in this regard or must appear before a court.

All legislative, executive, and judicial organs functioning in the territory of the Commonwealth constitute guarantors of the observation of all the above-enumerated rights of a nation and of the individual. Their realization is effected through the widespread, mandatory incorporation of the principle of local self-government in the territory of all Commonwealth members.

Failure to observe just one of the enumerated principles constitutes basis for exclusion from the Commonwealth.

#### Mechanism of Forming the Eurasia Commonwealth

The mechanism of forming the Eurasia Commonwealth could include a phased attainment of the following agreements:

1. Independent states striving Towards New Accord sign the Eurasia Charter, and on this basis conclude the **Treaty on Principles of Cooperation and the Attainment of Civic Peace and National Accord**. The treaty must secure, first and foremost, the equal rights of its subjects, their right to leave the Commonwealth, the steadfastness of borders between them, and the open nature of the Commonwealth.

2. The Eurasia Charter and Treaty are adopted at the Constituent Congress of authorized representatives of the independent states.

The Eurasia Commonwealth is considered to have been established if the Eurasia Charter and Treaty are ratified by the highest legislative organs of at least three independent states.

3. With the aim of coordinating international, economic, and defense policy, and of developing the fundamental

ideas of the Charter and Treaty on Principles of Cooperation, members of the Eurasia Commonwealth conclude Treaties on Diplomatic, Economic, and Defense Union.

4. The Treaty on Diplomatic Union secures the mechanism for coordination of international policy, preserving the rights of all subjects of the Eurasia Commonwealth to independently participate in international organizations, conclude international treaties, and establish diplomatic and other relations with foreign states.

5. The Treaty on Economic Union secures formation of a common market, diversity and equality of all forms of ownership, and the conduct of a coordinated economic policy in the following spheres: finances, transportation, energy and information, general science and technology programs, investment, economic, and humanitarian programs.

6. The Defense Union is structured in accordance with principles of defensive sufficiency. The common Armed Forces of the Commonwealth consist of strategic forces and border troops, organized on a professional basis.

7. Subjects of the Eurasia Commonwealth obligate themselves to adopt the Code of National Minorities, Ethnic and Language Groups, guaranteeing these groups rights equal to the rights of the peoples for whom the states have been named, and they form the Council of National Accord.

Taking into account the polyethnic nature of the states of the Commonwealth, the principle of dual citizenship and a unified information space are introduced in their territories by mutual agreement.

8. The highest directive organs of the Eurasia Commonwealth are the Interparliamentary Assembly and Council of Presidents (Heads of State).

9. Upon recommendation of the Council of Presidents, the Interparliamentary Assembly appoints the chairman-coordinator of the Eurasia Commonwealth and the chairmen of the Economic Council, Diplomatic Council, Defense Council, and Council of National Accord.

A Bank Union and Court of Arbitration are also established in the Commonwealth.

The above-mentioned councils establish commissions (boards) according to the principle of equal representation of each subject of the Commonwealth, and have an apparatus formed on a professional basis.

10. The financing of directive structures of the Eurasia Commonwealth is effected on a consensual basis.

The Treaty on Principles of Cooperation and Attainment of Civic Peace and National Accord, and the Treaties on Diplomatic Union, Economic Union, and Defense Union, are concluded for a period of 10 years. Prior to the expiration of this time frame, taking into

account the practical functioning of the Eurasia Commonwealth, the subjects of the Commonwealth have the right to introduce amendments into the constituent documents of the Commonwealth and develop new forms of these, which may contain provisions for more flexible and confederative relations within the Eurasia Commonwealth.

Comments on this draft may be sent to the following address: DDR Executive Committee, 37 Ulitsa Novaya Basmannaya, Moscow, 107066. Telephone: 261-19-30, 261-46-60.

### CIS Achievements, Prospects Examined

*93UN0591A Moscow NEZAVISIMAYA GAZETA  
in Russian 22 Dec 92 p 3*

[Article by Andrey Lipskiy: "The CIS One Year Later: Results and Prospects; From Disintegration to Integration?"]

[Text]

#### Point of View

From the moment of its creation a year ago and to this very day, the CIS has been subjected to all-out criticism on the part of the widest variety of political forces, both in Russia and in the other republics of the former Union, often from diametrically-opposed positions. Some believe that the signing of the Belovezhskiy [Belovezhskiy National Forest, north of Brest] and Alma-Ata agreements were an "anticontitutional plot" by the elite of the republics for the ultimate breakdown of the USSR. Others see the CIS as an obstacle to acquiring true independence as post-Soviet states, or even as an attempt to re-create on a new basis a Eurasian super-state, the successor of the Russian Empire and the USSR. Moreover, whereas the Russian opponents of the neo-imperialist variant are afraid that the political and economic interests of Russia will once again be subordinated to the overriding task of maintaining control over the post-Soviet expanse (for which Russia will once again have to settle the accounts and sacrifice her standard and quality of living, and even the lives of her citizens), what other republics fear most is the restoration of "Russian hegemonism" within the framework of the CIS, which would encroach upon their own independence and autonomy.

However, dissatisfaction with the CIS involves not only its opponents, but many of its initial supporters as well, who have not seen over the course of the year the realization of their own dreams of the marvelous transformation of the Union into an integrated commonwealth of post-Soviet republics.

Unfortunately, it is hard to argue with the thesis of, to put it mildly, the insufficient legitimacy of the Belovezhskiy agreements. I believe, however, that analyzing them from strictly legal positions would be proper only in the event that analogous criteria were applied to

all of the actions, without exception, of the Union, the Russian, and the other authorities. Then it would appear that, from the point of view of formal correspondence with the law of the events of December 1991, this is not very different from, for example, the Novoogarevskiy process which Gorbachev began in the Spring of that same year, which signified an attempt to find a compromise between the central authorities and reliance on republic counter-elites, bypassing the Union parliament and the Union Constitution.

Unfortunately, in the course of the present reforms, political necessity very often enters into conflict with the law, which is extremely imperfect and hopelessly out-of-date with respect to the daily demands of the transformations, which constantly puts the reformist forces in the jaws of a dangerous political-moral dilemma: either to consciously violate the only law which exists at the given moment, poor as it is, or to ultimately kill off the reforms and bring the country to a state of complete disintegration, chaos, and a great bloodbath. I believe that, with all the legal and other imperfections of the Novoogarevskiy and Belovezhskiy agreements, they, each in its own time, were the lesser evil in the concrete, real political situation which obtained at the time.

After the August putsch, which frightened the republics with the genuine prospects of the restoration of power of the center and its control over them; after Gorbachev's attempts in the Fall to tie-in the already shaky economic agreement with the formation of a political union of republics, which retained significant supraregional authority at the Center; after the rise of the "double" center, "Gorbachev-Yeltsin," which was doubly dangerous for the republic elite with the growing pretensions of the Russian leadership to replace it with a unified center on the basis of the Russian power structure; after the referendum and presidential election in Ukraine, which ruled out any possibility of this republic joining in any kind of structure with the central powers or with its coordinating organs—after all this, the potential for reforming the Union into a loose kind of federation or even confederation, was completely exhausted. It became necessary to urgently seek a new formula for republic inter-relations, which would on the one hand eliminate the already unnecessary but potentially dangerous center; and which on the other hand, would forestall the complete and uncontrolled disintegration of the post-Soviet expanse, which is fraught with the danger of severe conflicts of the Yugoslavian type.

Such an attempt was indeed undertaken in the Belovezhskiy National Forest, although the idea itself of establishing a union of republics bypassing the center was not new. It was repeatedly discussed in the course of 1991 by the leaders of certain union republics, when their aspirations to gain a larger share of independence came into conflict with the stubborn unwillingness of the central organs of power of the USSR to give up any of their own prerogatives (We recall the unsuccessful

attempts to set up a bloc of Slavic republics and Kazakhstan, as well as Nazarbayev's plans to set up a conference of republics in Alma Ata according to the 15 + 0 formula). However, whereas the earlier attempts to bypass the center were to a greater degree designed to bring pressure upon it rather than actually eliminate it, the Belovezhskiy agreements from the beginning proposed a principled rejection of its services.

In evaluating the present state of the CIS, certain assertions such as, "The CIS never happened," or "Nothing has come out of the CIS," and so on, seem improper. In order to make statements such as these, one must first of all clarify what, specifically, did not happen and what did not come of it. There was no immediate "great leap" from a unitary Union into a Eurasian commonwealth—the Eastern analogue of the EC and NATO. No effective inter-state association was created, with coordinating organs, a unified economic expanse, a single currency, a single strategy of market reforms, a coordinated tax and customs policy; with combined armed forces, clear-cut internal borders, joint control of external borders and the like.

However, the fact that the Commonwealth did not turn out as many had hoped does not mean that its existence in today's form makes no sense. Even if one considers it exclusively a mechanism for civilized divorce, this is already quite a lot, for the negotiating process within its framework will either forestall many dangerous conflicts on the soil of partitioning the legacy of the Union, or it will lessen their intensity. In addition, one must not ignore the political-psychological effect of relieving the social stress experienced by the populace of the former Union as a result of its collapse: the existence of the CIS is psychologically more comforting than the scattering of the Union into states which are totally isolated and not too friendly with one another.

The Commonwealth plays an important role even in its present form, as a constructive entity which makes it easier to maintain economic ties (even though not on the level that is necessary), and which facilitates setting up a system of bilateral relations among its members, without which no kind of hypothetical integration could exist in the future; and also as a mechanism for multilateral agreements on various questions, among the members of the Commonwealth which desire this.

I think that the very function of maintaining a state of "incomplete disintegration" of the post-Soviet expanse in the transition period—as the post-Soviet republics gradually achieve statehood and gradually realize their own interests and their common interests as "post-USSR" countries—is the fundamental point of the existence of the CIS today.

It would seem that the initial stage in the process of "coming into being and realization" during the year the CIS has existed has been completed. What is the basis for such a statement?

First of all, during the past year the new states have acquired the basic attributes of statehood as well as recognition by the world community. Secondly, in most of the states, the initial coming-into-being and consolidation of a ruling elite has taken place (true, on the republic level only; below this the process is still at the very early stages). Thirdly, for the most part the division of the property of the former USSR, the Army in particular, has occurred, as well as the establishment of total control of the republics over local resources. Fourth, the new states have managed to display their capabilities in the foreign-policy and foreign-economic spheres: in place of the euphoria of exaggerated expectations and illusions, there has come a more sober and modest estimate of both real economic assistance from abroad, and the possibilities of participation in international groupings, associations and unions outside the CIS. Finally, the CIS countries have completed a real self-analysis of their own economic potential, and the role of relations with one another and especially with Russia, for the normal operation of their economies while at the same time recognizing the limited possibilities in the foreseeable future of supplying goods which fully meet the demands of the foreign market in terms of quality and quantity.

The trend toward a more healthy view on reality will grow stronger to the extent that crisis phenomena increase in the sovereign and independent economies, which are suffering to a greater degree from the interruption of contacts and unnecessary barriers, than from the fact that someone secretly devoured someone else's lard and sugar, or resold someone else's petroleum. It will also grow stronger to the extent that politicians who are ideologues of independence are replaced with pragmatist-economists in the highest echelons of power (something like this has already begun in Ukraine).

While noting these moves in the post-Soviet states, it would be frivolous to conclude that the potential for disintegration of the former Union and the state of conflict in inter-republic relations is already exhausted. However, one can take note of the fact that there is a gradually-emerging reciprocal trend—toward greater interaction among the CIS countries, which, if accompanied by delicate, well-thought and careful policy, can be supported and even strengthened.

I believe that the first important steps to facilitate the natural self-development of a future commonwealth have already been taken. First of all, on the whole, we have managed to withdraw from illusory notions of the possibility of a planned transition of the Union into a stage of integrated, united, independent states according to a plan that is the reverse of the path on which integration has occurred in world practice, principally, the EC: for it has become clear that the possibility of climbing the integrational stairway from bottom to top, that is, from the level of an independent state toward that of a federation, does not at all signify that one can consequently follow that same path in reverse—from a pseudo-federation of the unitarian persuasion, to a

loosely-integrated commonwealth, while by-passing the lower level—the coming-into-being of a full-fledged independent state, which realizes its own national-state interests. Secondly, on the basis of conscious or spontaneous realization of this truth, members of the CIS have begun to actively form a complex of bilateral relations as between full-fledged subjects of international relations, which mutually recognize this subjective fact, as distinguished from the initial attempts to deal with one another "according to kinship." Thirdly, the unification of the internal structure of the CIS has been rejected in favor of a more flexible and fruitful form of differentiated, asymmetrical relations within the CIS, which permits marking out zones of mutual interests of the various groups of CIS organs on a purely voluntary basis, and without constantly placing those who are doubtful into a position of making a fateful choice: either to sign, or to withdraw from the CIS.

While establishing the appearance of prerequisites for integration in the CIS, it is important to realize the fact that the multilateral agreements and alliances in the present structure of the CIS will probably have little in common with that which will take shape in the "post-USSR" in the course of the natural processes of coming-into-being as states of the former Soviet republics, and the structuring of the post-Soviet expanse. Therefore, the best path for supporting the objective centripetal forces is—to reject doctrinaire attitudes and foisting off ideas of "collecting the land" [sobiranie zemel]; and, while preserving that minimum amount of interaction which suits the majority today, to make it possible for life itself to find the solutions—which will be more organic and more inventive than the most refined and intellectually-convincing schemes which are being drawn up today.

#### **Decree on Russia-CIS Customs Rules**

93UN0575A Moscow ROSSIYSKIYE VESTI in Russian  
24 Dec 92 p 4

[Decree No 973, Issued by the Government of the Russian Federation, Dated 14 December 1992, in the City of Moscow: "On Customs Rules in Carrying Out Trade and Economic Ties Between the Russian Federation and the Other CIS Member-States"]

[Text] In order to further improve the mechanism of trade and economic cooperation between the Russian Federation and the member-states of the CIS, the Russian Federation hereby decrees the following:

1. In accordance with Paragraph 1 of Edict No. 55, issued by the President of the Russian Federation, and dated 28 January 1992: "On Certain Matters of Trade and Economic Cooperation Between the Russian Federation and the CIS Member-States" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSTSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSTSII 1992, No. 6, p 283) an export tariff shall be introduced, beginning on 1 February 1993, on certain items being exported from the territory of the Russian Federation to the territory of the CIS member-states.

It shall be established that items being supplied and delivered for state needs on a clearing or reciprocal basis in accordance with inter-governmental agreements on trade and economic cooperation in 1993 and to be sold by the "Roskontrakt" federal contract corporation and the "Rosagrokhim" company within the limits of the amounts provided for in these agreements shall not be subject to export duties.

The Russian Federation's Ministry of Foreign Economic Ties—in conjunction with the "Roskontrakt" federal contract corporation, the "Rosagroprom" company, the Russian Federation's Ministry of Transportation, the Russian Federation's Ministry of Railways, and the Russian Federation's State Customs Committee—shall specify within a week's time the procedure for drawing up documents allowing the customs service to exercise monitoring controls on the passage of items exempt from the imposition of export duties.

2. It shall be established that, prior to the effectuation of inter-governmental agreements on the freedom of trade or other agreements providing for the abandonment of the use of import duties in reciprocal trade, but not later than before 1 February 1993, items being imported into the Russian Federation from the republics of Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Uzbekistan, and Ukraine shall not be subject to import duties.

[Signed] Ye. Gaydar

## POLITICAL AFFAIRS

**Demrossiya Sets Priorities at Third Congress**  
*934C0616A Moscow ROSSIYSKAYA GAZETA*  
in Russian 23 Dec 92 p 2

[Article by Igor Kharichev: "So That Only 'For' Is Used"]

[Text] Among the whole series of political functions held in Moscow last Friday through Sunday, the third congress of the Democratic Russia movement drew special interest. The fact is that talk of the movement's demise have been heard for almost a year, since January. Plenums of the Council of Representatives regularly confirmed that not all was in order in the largest democratic movement. However, more than 2 million signatures gathered in favor of holding a referendum on private land ownership showed that Democratic Russia can carry out major undertakings.

The congress brought together 577 delegates from seven parties and 12 public organizations from 64 regions of Russia.

The main topics of the speeches were the events that led to the change of chairman of the Russian Federation Council of Ministers and government, their assessment, as well as an assessment of the steps taken by the Russian President during the Seventh Congress of People's Deputies, the outlook for the course of reforms following the appointment of V. Chernomyrdin, and the formulation of a position on the new government. In many speeches by the movement's leaders, the president was criticized for making concessions to the opponents of reform and for inconsistency. No confidence was expressed in the current head of government, as was a lack of belief that the reform course will be continued. The harshest, "man-the-barricades" speech was delivered by G. Starovoytova, while A. Chubays, A. Nechayev, and V. Sheynis offered milder assessments and asked that the delegates not rush to draw final conclusions. And although Galina Vasilyevna received the longest applause, regional leaders who spoke after her most often rejected any steps that would lead to heightened confrontation and smacked of intransigence. Since none of the four main drafts of a political declaration met these requirements, the hall supported proposals that the congress's main document not mention Chernomyrdin's name, but instead speak only about what the movement is for and what it proposes. It seems that through that vote, the delegates confirmed the existence of constructive forces in the movement and its capability for renewal and the accomplishment of constructive tasks.

The political declaration adopted Sunday was the result of long work and difficult compromise. "The Democratic Russia Movement," it states, "reminds the Russian Federation President that he is obliged to use all the powers at his disposal to continue the course of reforms and to retain key figures of the Gaydar government. If, on the other hand, fears regarding a retreat from reforms

in the near future are confirmed once and for all, Democratic Russia declares its resolve to shift to opposition to the both the government and the Russian Federation President, who bears responsibility for it."

The congress also adopted a program statement that essentially amounts to the theses of the movement's program. Democratic Russia's main priorities in various spheres of Russia life are clearly set forth for the first time.

Near the end of the second day, when delegates had begun leaving, elections were held, on a personal basis, of members of the Council of Representatives. After midnight it was learned that they included G. Starovoytova, G. Yakunin, V. Kriger, A. Shabad, V. Sheynis, V. Volkov, L. Ponomaryov, and others.

**Travkin on DPR Congress, Course of Reform, His Future**

*934C0614B Moscow RABOCHAYA TRIBUNA*  
in Russian 22 Dec 92 p 1

[Democratic Party of Russia leader Nikolay Travkin interviewed by Aleksandr Oskin: "Their Government Was a Puppet Government"]

[Text] Four political forums were held last weekend in Moscow: the Fourth Congress of the Democratic Party of Russia (N. Travkin and others), the Third Congress of the Democratic Russia Movement (G. Yakunin and others), the New Russia Confederation, a bloc of seven political parties (T. Gdlyan and others), and a congress that drew one-seventh of the former USSR People's Deputies (S. Umalatova and others). And since they all took place virtually simultaneously, Russian and foreign journalists had to break up into four groups.

This correspondent attended the congress of the Democratic Party of Russia [DPR] and met with Nikolay Travkin. He is now the former DPR chairman. The congress confirmed him as party leader with the right of voice but no vote. The post of chairman remains vacant, pending a change in the law that forbids administration heads from combining their positions with leading posts in political parties.

[Oskin] Nikolay Ilyich, to what extent are your party and Civic Union influencing the formation of the new Russian government?

[Travkin] Neither the Democratic Party, nor Civic Union, nor myself have ever exaggerated our influence on the appointment of people to the government. Moreover, the DPR has never sought to obtain a such and such a number of portfolios and, through them, to influence the government. I favor the formation of a government as a team.

[Oskin] According to press reports, A. Volskiy has supposedly proposed his own makeup of a government and, in particular, names you as vice-premier. How do you view that report?

[Travkin] In the past three to four weeks, according to press reports, I have now been named minister of agriculture, minister of economics, and mayor of Moscow. All this is being done without me. For some reason, various canards are being put out in the press. I have received no official offers. I have no personal plans to participate in the government. I have enough work on my hands in Shakhovskiy. Meanwhile, Volskiy has said that he made no such proposals.

[Oskin] Do you and Civic Union have proposals for changes in the government?

[Travkin] We have had only one meeting with the President on this issue, on the eve of the Seventh Congress. During the meeting, we suggested changes in the cabinet. For example, why not replace Nечайев with Сабуров, Явлinsky, or Boris Fyodorov, and Kozyrev with Vorontsov or Lukin? In our country, once a person is appointed to an executive post, he supposedly becomes irreplaceable from then on. For example, Makharadze is unable to pursue a regional policy, in my opinion. Civic Union might see in his place Travkin, who knows the regional situation better. This was discussed at the meeting with the president. The DPR has its own ideas with respect to possible personnel changes in the government. But we don't want to disclose them. However, I could mention Boris Fyodorov. He possesses rare and valuable qualities—God-given qualities, as they say. Сабуров and Явлinsky should be included in the government in any capacity. There are specialists available. We are not devoid of people. But no one has asked us yet, and we don't want to intrude.

[Oskin] What is your opinion: If the Gaydar team goes, will this damage the reforms?

[Travkin] What is the Gaydar team? It consists of Gaydar himself and Chubays, the second-ranking figure in terms of ability and importance. The other members of the cabinet have not stood out for any particular organizational talents. Nечайев is three, Shokhin is four, and Aven is five. V. Shumeyko will be vice-premier in any government and will staunchly support that government—anything to stay on as vice-premier. Gaydar has gone, but has the process stopped? No. The transition to the market cannot be linked with a single individual. Gaydar and his team can be credited with launching the reforms. No more.

I would not see any tragedy in Gaydar's remaining premier. A compromise was possible. However, the president did not meet us halfway. On the eve of the congress, only filth and accusations were directed at us. One side went straight ahead, regardless of obstacles, and was sure that it was going to unceremoniously sweep

everything away, even the congress, if necessary. And so the possibility of compromise in the figure of Gaydar disappeared.

Those fellows answered to others. Their government was a puppet government. I saw how the vice-premiers snapped to attention when Burulis telephoned them. We cannot have a second puppet government.

[Oskin] Why, as soon as you mention the name of Burulis, does your expression change?

[Travkin] There is a certain person whom I didn't know personally. We lived in different eras, but when I mention his name, my expression also changes, and for the same reason. That person was Rasputin. To a certain extent, the role of Rasputin was being played by Burulis. I am not speaking of the Rasputin phenomenon as a moral category, but the things that Burulis did, undermining both the government and the president through his intrigues, can only be characterized in these terms.

[Oskin] What is your opinion of the way in which the new government is being formed? What part of the old cabinet could be retained in it?

[Travkin] You'd have to ask Chernomydin. But I personally can't understand why the memoirs of the previous cabinet used to declare at press conferences almost every day that they would go along with Gaydar, and now they're pretending that nothing happened, that everything's fine. They're not men. Now we will see how many real men there were in the government. It will become clear just who ran the economy. After all, the economy should be managed by men. And another thing. Not all the changes should come at the same time. There could be several of them. Chernomydin is an independent figure. He is not going to do someone else's bidding. He has to be allowed to assemble his own team. And we and our party are prepared to assist the new government.

#### **Creation of Agrarian Party of Russia Organization Committee**

*934C0614A Moscow NEZAVISIMAYA GAZETA  
in Russian 19 Dec 92 p 6*

[SEVFRO-ZAPAD NEWS AGENCY item: "Led by Putschist's Brother"]

[Text] An organizing committee for the creation of a Agrarian Party of Russia has been set up in Yaroslavl. It is headed by Aleksandr Starodubtsev, director of the Dzerzhinskiy Sovkhoz and brother of Vasiliy Starodubtsev, the former member of the State Emergency Committee. Similar organizing committees have been set up in Vologda and other Russian cities. The founding congress of the Agrarian Party of Russia will be held in Moscow in January and February of next year.

**Constitutional Court Decree as Grounds for RCP Revival**

**934C0615A Moscow SOVETSKAYA ROSSIYA**  
*in Russian 24 Dec 92 p 1*

[Article by Aleksandr Frolov: "Siege Is Lifted: but Will the Communists Be Able To Overcome a State-of-Siege Mentality?"]

[Text] The Constitutional Court's decree has presented the opportunity for the organizational restoration of the Communist Party of the Russian Federation. SOVETSKAYA ROSSIYA has already recounted and commented on that document, and now it has been fully published in ROSSIYSKAYA GAZETA for 16 December and PRAVDA for 19 December, and should become the object of close study in all party organizations and communists' action groups.

Let me recall that it was not possible to get the president's anticommunist edicts completely abrogated, but a base for further actions was nonetheless won. Point 1, Section 3, of the court's decree deems the dissolution of the Communist Party's organizational structures to be at variance with the Constitution "with respect to the RSFSR CP's primary organizations formed according to the territorial principle, to the extent to these organizations preserved their public nature and did not supplant state structures, and also on the condition that, in the event of their formal organization as a political party on an equal footing with other parties, all the requirements of the Russian Federation's Constitution and laws are observed."

Let us set apart the question of agreement or disagreement with the argumentation by which the court was guided and ask the question: is it a lot or a little? On the one hand, it is a great deal, since, as written in the CPSU's By-Laws, the party's basis is its primary organizations. But on the other hand, it is a little, since before the ban the bulk of rank-in-file communists were concentrated in production-based, rather than territorial, primary organizations. The process that had been begun in some places after Yeltsin's edict of last July of removing them from the grounds of enterprises and organizations was, of course, far from complete by August. Moreover, the ban, which has still not been lifted, on the activities of all the upper party levels, from the rayon up, has deprived the primary organizations of connecting links.

Such are the conditions from which we must begin. They mean that the legal restoration of the Russian Communist Party—the one that existed before the ban, and not some different one—requires that communists joint together in territorial organizations, which then must hold conferences in cities, rayons and oblasts and elect new party committees, as well as delegates to a second party congress. That, in short, is the plan proposed by the Action Committee for Convening a Congress of Communists of Russia (chairman, V. Kuptsov). For those who want to contact the committee, we again publish its

contact telephone numbers in Moscow: 203-57-52; 203-77-52, 205-56-24, and 205-59-41.

This plan has met with considerable objections among party members. Some say that it is unfitting for communists to act within the narrow limits set by the authorities, and that they should immediately and without legal sanction restore the CPSU as an all-union organization. To do otherwise, they say, would signify the withdrawal of the Russian Communist Party from the CPSU. Others point to the diversity and ideological incompatibility of the various party groups. Yet others claim that the newly established communist parties are perfectly adequate, and that to try to revive the Russian Federation CP means pulling back toward a restoration of the power of the party apparat.

All these objections point, each in its own way, to the dangers that really do threaten the party. An ideologically amorphous formation that has lost its internationalist nature and is led by bureaucrats—no one needs that sort of party, which can only discredit communist ideas for many years to come. We must not close our eyes to this danger, but we must also analyze what gives rise to it.

It is my own deep conviction that the danger stems not only from the "perestroika" crisis, but also from the condition in which the party has spent the past year. The presidential edicts, of course, could not destroy it, but they did put it on a "state-of-siege" footing, with all of the attendant consequences. The organizational disunity of the various detachments, which reached the point of isolation into individual small parties (I am referring to the parties of communist orientation, not to those who quit the ranks of the communist movement before and after August 1991). Disorder and vacillation, arguments and feuds among comrades. Wait-and-see attitudes on the part of the majority, and despair and hopelessness on the part of the weakest. And all that is our party.

Such a condition and the "state-of-siege" mentality that accompanies it cannot be overcome in a single blow. They can only be organically outlived through prolonged and painstaking work, extensive discussion of various points of view and existing disagreements, and the establishment of a means of coordinating the actions of communists on both the local and the statewide levels. The whole question is the form such work should take. In my view, the accomplishment of this task requires a party-wide arena and appropriate physical facilities and resources. It is not out of the question that, in the end, it will be necessary to split up, but in order that the legitimate interests of all parties be observed in a split-up, we need at least minimal organizational unity. To attain it, it is necessary to provisionally separate organizational and ideological questions; this will make it possible to restore the party as some sort of whole that enjoys all the rights of succession in relation to the RSFSR Communist Party as a Russian republic organization of the CPSU.

Under present conditions, such a whole can only be an aggregate of party platforms, factions, clubs and like associations of communists that enjoy the broadest autonomy but are, on a certain set of issues, subordinate to a coalition leadership elected on the basis of voluntary compromise among all party groups. Such a whole cannot be established "from above," but the impulse toward unification coming "from below" must be supported. Especially since a diversity of positions prevails in the center, while there is much more unity at the local level.

The revival of the party will enable it to immediately begin the fight for the return of part of the party property to communists, something that in no case should be disregarded. In order to defend their goals and fight for the working people's interests, communists need premises for meetings and publishing facilities, and they also need an effective apparatus, no matter how suspiciously many people regard this notion. Without it there will be neither communications nor coordination.

At present the reregistration of communists and inventory of their organizations are being conducted simultaneously by two agencies—the CPSU Central Committee's Organizational Committee for the Preparation of the 29th CPSU Congress headed by K. Nikolayev, and the aforementioned Action Committee—and this has already given rise to significant friction between them. But I think that there cannot be any insurmountable disagreements here. After all, it is clear that without the restoration of an autonomous Russian Communist Party, there can be no talk of restoring the CPSU, either. Wouldn't it be better to combine efforts and tackle the task in stages? A special position has been assumed by the Russian Communist Workers' Party, which has refused to participate on either committee and considers their plans unnecessary and harmful. The leaders of other new parties feel a certain uneasiness, since the prospects for their existence after unification are not entirely clear.

Success in the Constitutional Court was achieved through the efforts of all detachments of communists—both those who focused all their efforts on the legal side of the case, and those who supported them outside the courtroom walls. And it will be very distressing if disagreements among them prevent them from taking the necessary step—reviving a unified and influential Russian Communist Party.

#### **Mayak Chief Editor on Current Situation**

**934C0594A Moscow MOSKOVSKIY KOMSOMOLETS**  
**in Russian 9 Dec 92 p 2**

[Interview with Vladimir Povolyayev, editor in chief of the Mayak radio station, by Elina Nikolayeva; place and date not given: "Mayak—For Taxpayer's Money"]

[Text] For 28 years, the call sign of the Mayak radio station measured the steps of Soviet history in half-hour

blocks. Vladimir Povolyayev, the current editor in chief of this famous radio station, discusses the difficult situation which it now faces.

I met with him at what was not exactly the most joyful time for the personnel of Ostankino (Mayak is also based there). As Povolyayev admitted at the beginning of the interview, he was simply dumbfounded (the topic of Yakovlev's dismissal just could not be ignored). He did not question the fact that any manager in state service may be removed for making mistakes, but what was the message in the pretext which gave grounds for the event? It meant that, if one wants to keep his job, draw a salary, enjoy the respect of the people around him, and do his work, he should shy away from things that bite, put out information which is smoothed over as much as possible, or....rush and seek consultations from the top on each occasion: What are we to say? How should we cover it? In general, there is no dearth of specialists of this kind at Ostankino. The skills of communicating with the Central Committee have not been lost or forgotten yet. It turns out that they are now being pushed in this direction. At present, while people on the move discuss freedom and responsibility, creativity and service, in the hallways of Ostankino, Vladimir Mitrofanovich has somewhat different concerns at the radio station.

[Povolyayev] What does Mayak amount to? Two hundred and thirty employees on the staff. Typists, program editors, and a powerful group of correspondents account for most of them. Historically, a very powerful international department has developed here. Despite the fact that the interest in international issues has now been eclipsed by domestic passions, these people manage to package international events so as to make them interesting for all. We have a common network of correspondents with the ITA [Information Telegraph Agency]. We have an opportunity to get in touch with virtually all prominent journalists and, consequently, not to overlook major events. Now about the things we do not have—there is no adequate funding. At present, it is the rescue and survival of the oldest radio station that is at issue, no more and no less. The list of the facets of its present-day impoverishment is long and boring, but I will give a part of it nonetheless. First of all, the management has had to give up "recording cars," which the staff of the radio station drove three to four times a day to record broadcasts at a cost of 13,000 rubles [R] an hour. Therefore, beginning recently, the dispatch of Mayak information depends on the operation of public transit which correspondents use to get to the studio. The honorarium fund is another problem. Everybody likes to hear about the weather, but do you know that we pay R10 to the hydrometeorology center to prepare a report for us? I think that at present, you can pay R10 to a person you wish to offend. A correspondent is paid R150 for an interview, and a foreign correspondent receives R25 for a broadcast-ready piece. Apparently, it is believed that he has it good over there, anyway. However, we cannot live in keeping with this logic! How can we help it—we are losing people.... We manage to pay for technical

services out of advertising revenues. Our assigned budget per quarter is R1.5 million, whereas we pay out R3 million.

Interestingly, people who have been brought up in the Soviet Union have grown accustomed to the sound of a radio set. At one time, Solzhenitsyn wrote about it. Whatever we do, whether it is gardening at a dacha or cooking a dinner, everything is done to the sound of "Newscast," political commentaries, and songs from "Soviet and foreign variety shows." Historians and neurologists will figure out whether this is good or bad. However, we need to recognize the fact that our Mayak is like the weather outside the window—it is always there.

Povolyayev thinks that the current authorities apparently also believe so; they do not wish to understand that degradation of radio broadcasting is under way. By all signs, only music-advertisement-and-entertainment stations will remain on the air, which have already taken over all frequencies. A small studio, a small flow of information, and two correspondents, and you have a sweet life, and a good salary. Meanwhile, Mayak....how shall I put it....it is, after all, a cultural asset of the nation. Have we really not had enough destruction? Nothing extra-terrible has happened in the economy to deprive the state of the funds to maintain radio and television.

[Nikolayeva] Let us assume that the authorities are unhappy with you and are deliberately shutting off your air supply.

[Povolyayev] I cannot conceive of any authorities being completely happy with radio and television broadcasting. It seems to them that, since they pay the piper, they call the tune. Of course, it is so to a degree. However, civilized people must understand that, after all, it is the people's money that they are paying rather than their own, and that the people have the right to, and should, call the tune rather than the representatives of the people who are instructed to distribute these funds. The taxpayers' money is the real source of our well-being. I admit that this thought is very dear to me.

[Nikolayeva] Do the official authorities voice "friendly wishes" and complaints to you?

[Povolyayev] Fortunately, radio broadcasting is underestimated; for some reason, it appears a somehow secondary component of mass information, compared to television. I have not felt real pressure since February, when I became editor. Perhaps, Yakovlev would only slap me on the wrist for some indecent song or an episode on abortion.

Of course, they underestimate radio broadcasting for no reason. For example, sociological research in Vladimir indicated that 75 percent listen to us daily; on TV, Mexican movies and "Field of Miracles" are potential record holders, whereas in our case, it is the morning and nightly political information program!

[Nikolayeva] Radio broadcasting has considerable advantages: In a newspaper, hot information is delayed by almost a day, and on TV, by the time necessary to splice together a video sequence....

[Povolyayev] ....Precisely; all we have is as fresh as it comes. Everything is done hastily, and this requires that employees be sharp and highly professional. I would like to mention in particular those who work on the air live. It takes great skill to word your thought properly, without hesitation or delay, and to deliver a particular report with the right intonation. These people work themselves literally to death; this is how great the strain is. I may even recall how I personally felt when I hosted the "Youth Channel." I was one of the first hosts in this program, which was revolutionary in the 1980's. I turned on the microphone at 0600 hours, said everything that was planned for the first episode, and as I threw the toggle switch, I always noticed how my hands were shaking. No vulgar smirks, please—being on the air live saps your strength and breaks your heart! All the anchormen of "Mayak Panorama" are selfless people, whom—let us hope that I am wrong—we will see to their graves prematurely.

[Nikolayeva] At one time, "Mayak Panorama" was considered to be a quite pointed broadcast. As far as I know, its creators got quite a few knocks in the past. Is "Panorama" taking the middle road at present?

[Povolyayev] When I confirm the plan and look at what we will put on the air, I am not guided by ideological considerations. I simply proceed from the amount of air time. Besides, people like to have more music. In "Panorama," music and text appear hand in hand, and the listeners like it. All ratings indicate that the number of listeners drops off immediately after "Panorama" ends at 1000.

[Nikolayeva] Are you aware that many young people openly ridicule Mayak's musical selections, and that, incidentally, the radio station is losing listeners because of that?

[Povolyayev] Well, all the surveys paint the opposite picture: Young people listen to our station more than older ones. Incidentally, you are looking at one of those who vigorously introduced rock music, even at a time when my supervisor asked me to omit the word "rock" from the name of the group Rock-Atele. I appreciate the genre of pop music. I do not believe it to be inferior. However, I do not think, either, that Mayak should now seek to be popular among young people by allocating a considerable proportion of air time to fashionable music. They do no want to listen? We no longer have an indoctrination function, the duty to attract young people and give to them, in sweet packaging, the messages which the authorities need. Our task is to provide information; if you are already mature enough to take an interest in it, then you are welcome. If you wish to dance and relax, listen to Europe-Plus; I do not have any objection.

[Nikolayeva] What is the response of listeners to your radio station? Are you threatened? How is security for the radio station organized? Can something similar to the MOSKOVSKIY KOMSOMOLETS incident recur here?

[Povolyayev] Every day, threats to stab, kill, bomb, and so on account for 20 percent of the calls. As far as the rest is concerned.... I have even forbidden, by way of a verbal directive, providing clarifications during business hours, and especially to explain ourselves to boors. As far as security is concerned, I, for one, am outraged by the disappearance of a red velvet banner from the showcase of the Ostankino museum. Given that militiamen are unable to safeguard such elementary assets, how can we count on them in more serious situations?

[Nikolayeva] Does the theme music of Mayak give you a "toothache?" "Why are you, my dear, looking askance...." For some reason, these sounds spell particular gloom in the morning, when Mayak signs on at 0600 hours—it is dark, cold, and uncomfortable.

[Povolyayev] That music spells gloom for you, does it not? I am not going to dispute this. However, it is not a courageous act, either, to up and discontinue the music because not everyone likes it. It is another matter that we are trying to bring the sound up to date in general. We have ordered many jingles. We are now playing and trying them. We put on advertisements with music, adorned with all kinds of embellishments. As far as the theme music is concerned.... Incidentally, I gave instructions long ago to produce some pleasant music precisely for 0600 hours, when Mayak signs on in most of our country. Actually, I will take your reservations about the theme music into account.

[Nikolayeva] Well, can I write that the music will change?

[Povolyayev] Not for now.

[Nikolayeva] What kind of relationship do you have with your subordinates?

[Povolyayev] You see, I have been spoiled. When I changed jobs, I always left behind collectives which, in principle, liked me. So far, I have been lucky. Perhaps, I have gotten used to this too much. I have now come to an unfamiliar collective in which, generally, they have no particular reason to like me at present. We are not big on love, and it is difficult to be in management now: The people are beleaguered.

I swear that I do not know what else to tell you, except that people here work as if in a hard-labor camp. Here is one about TV and radio. When they ask how a TV and radio station is different from an insane asylum, the answer is: In an insane asylum, at least the management is normal. Nonetheless, all of this insanity is somehow attractive.

## ECONOMIC AND SOCIAL AFFAIRS

### **Gaydar on Dangers of Changing Course**

934A0556A Moscow *TRUD* in Russian  
24 Dec 92 pp 1, 2

[Interview with Yegor Gaydar by TRUD political observer Vitaliy Golovachev; place and date not given: "We Are Once Again at the Crossroads"]

[Text] Yegor Gaydar, the ex-premier of Russia's first reform government, has moved from Staraya Square to 3 Ogareva Street. In the building of the former Ministry of Industry he occupies the spacious office of director of the Institute of Economic Problems of the Transitional Period. After four days spent in Barvikh, he appears rested and refreshed. As always, he is composed and affable and likes a joke.

Our interview began, naturally, with a discussion of the progress of the economic reform....

[Golovachev] Yegor Timurovich, first of all, what can you say about the new government?

[Gaydar] A number of the appointments in the new government inspire optimism, particularly the appointment of Boris Fedorov.

[Golovachev] What do you think, has the reform gained momentum, that is, has it become irreversible?

[Gaydar] Quite appreciable changes which it would be hard to reverse have occurred in the economy. The privatization which has commenced has changed property relations, and the reform has "emancipated" people. There has been a change in attitude (of the corps of directors included) toward the state. These and many other factors, I believe, will no longer permit our industry and the economy to be driven back into a single hierarchical system. Would the directors, say, once again care to receive regular "dressings down" ("meet the plan," "dispatch people to the vegetable depot, to the kolkhozes")? Would they want to depend in all things on the ministry, the oblast party committee, the State Planning Committee? Would the work force care to be deprived of its rights and liberties? This is now hard to imagine.

[Golovachev] So there could be no return to the old ways under any circumstances?

[Gaydar] Alas, relapses are possible, of course. And it is even easy to imagine the scenario of such a "return." But a stable conservative system cannot be created. It would not last long.

[Golovachev] Nonetheless, let us imagine the worst. What might the scenario of a "reverse motion" be?

[Gaydar] This is very simple. What is the main demand of the directors and the work force at this time? Give us money. Many public figures believe that because money

is tight, industry is operating poorly and the economy is spinning its wheels. Consequently, somewhat more in the way of funds needs to be provided (generally speaking, some credit is, indeed, essential. Moderation and the degree of the allocation of credit are important here). But we have satisfied the demands of everyone, let us suppose, and given the enterprises a great deal of money. After this, inflation accelerates sharply and prices rise substantially. After the price rises, money is needed once again. We have given it. And once again prices rise....

So events would approach a culminating point. When in society dissatisfaction becomes critical, the authorities, resenting the prices, attempt to freeze them. And then the goods disappear. They cannot be purchased for cash either by the citizens or the enterprises. Lest the plants die, two paths remain: either barter (product exchange) or the imposition of a distribution mechanism. Barter is very inconvenient. There remains, consequently, the second path—imposition of a distribution system. This means material balance sheets, reconstitution of the State Committee for Material-Technical Supply, the State Planning Committee, the ministries..., with which we are familiar.

They combine poorly with private ownership. Consequently, a return to state ownership. That is, we would be back where we started. But the inefficiency of this system has been proven by reality. And after a certain length of time it would once again be necessary to commence reforms, free prices, and undertake privatization. But the situation then would be immeasurably grimmer than it is now.

This is why a return to the old ways is very dangerous. We are not insured against this, alas. But I sincerely hope that the Central Bank of Russia (on which today a great deal depends) and the government will succeed in avoiding such a negative development of events.

[Golovachev] You are talking about an unpleasant scenario. But even today society's living standard has fallen steeply—by a factor of two or three, and in just a year, what is more. Could so rapid a decline have been avoided and the reforms implemented more "gently"?

[Gaydar] The price liberalization could not have been postponed (the deficit already had us by the throat), and implementing it "partially" was impossible also. In order to curb the increase in prices it is essential to create a competitive environment and undertake privatization. But this takes time. So all the talk to the effect that such a reform could have been commenced more "gently" is groundless. A "gentle" version would have been possible had the reforms commenced in 1985 or in 1990 even. By 1992 time had been hopelessly lost.

[Golovachev] Tell us, what do you see as your government's principal miscalculations? What would you do, possessed with today's experience, if you were suddenly to be carried back a year and were only just starting the reforms?

[Gaydar] I would first and foremost embark on propaganda and an explanation of the most important aspects of the reform. After all, at that time, last December, neither enterprise executives nor the work force had any idea what awaited them and did not see the impending realities. They believed that nothing would happen, that only the prices would change. Beginning the reforms, therefore, I would very seriously caution all enterprises as to the possibility of the growth of mutual nonpayments and the need for prepayment. Information support is very serious. But we lost sight of this at that time, last December.

Further, the bank and the time it takes for instruments to clear. A new system of settlements should have been worked on ahead of time.

To continue speaking about where we were unsuccessful, the greatest failure was in the sphere of financial stabilization and a strengthening of the ruble. I spoke in detail about this and other miscalculations, come to that, at the congress.

[Golovachev] Will Russians' living standard continue to fall? Is this process objectively inevitable?

[Gaydar] No, the situation has now changed fundamentally. As of September the decline in production was halted, and growth has been discerned in many sectors. A certain, albeit small, reserve of strength and buoyancy in the economy has been created in recent months. In September-December the budget deficit was zero, money issue and the amount of credit diminished and so forth. So unless serious mistakes are made, there should not, as a whole, be a further fall in the living standard. Although the stratification of society into rich and poor will continue.

[Golovachev] Parliament recently adopted the decision to increase the budget deficit by almost R200 billion. Will this have an effect on the rate of price increases?

[Gaydar] This is not that great an amount.... But if there are other appreciable injections of "hollow" money into the economy, the negative trends will outweigh the positive changes which have emerged and about which we have just been speaking. Nonetheless, I believe that in the next couple of months the rate of inflation should slow. The credit infusions could in a certain period of time be "echoed"—at the end of February-March, for example.

[Golovachev] Did you, working in Staraya Square, have to agree to compromises?

[Gaydar] There is no policy without compromise. It is a question here merely of not going beyond permissible bounds. The pressure of the opposition forces was very strong at times. But, nonetheless, much was done, in my view....

[Golovachev] Could you give a specific example?

[Gaydar] Well, we have managed, say, to cardinally cut military spending. Our entire economy was, as you know, extraordinarily militarized. It was as though we were preparing to wage war with the whole world. But now the country is approaching a civilized level here. Expenditure amounts to 17-18 percent of the 1988-1989 level. To give a graphic example: the production of tanks has been cut by a factor of 38, infantry fighting vehicles, by a factor of 18, artillery pieces, by a factor of 34....

A giant army has been preserved as yet, of course, and we do not need such. But solving this problem is more difficult. It will take time for we are talking about people and their employment and adaptation to civilian life.

[Golovachev] What is your forecast of the development of events in the immediate future?

[Gaydar] This will depend on the choice which is made. First: whether we press ahead quickly or slowly. And, second: in which direction—toward a civilized society or, having messed up the finances and having frozen prices, we turn back.

As far as the question as to how to proceed—more slowly or more quickly—is concerned, this could be debated and discussed. This is normal. If governments replacing one another are distinguished by the speed at which the country progresses under their leadership, this will not be bad. But if the direction is changed, this will be a disaster.

[Golovachev] You could have remained part of the government, as first vice premier, let us say, in order to help sustain the reform policy. Why did you prefer to quit?

[Gaydar] I could hardly have pursued the policy which I consider necessary for the country in this role. And remaining in order to signal to the world that all is in order and that the reform is moving ahead—I do not consider this possible.

[Golovachev] You have said that you respect Viktor Chernomyrdin as a proficient specialist and good organizer and that he has shown himself to be a decent individual to the highest extent. But, according to what you say, he has an appreciably different idea of the kind of economic policy and reform to pursue. Where does this difference lie?

[Gaydar] Let us wait a while and see what steps the government takes....

[Golovachev] Yegor Timurovich, it would then no longer be of interest. Are you afraid to express your opinion?

[Gaydar] Viktor Stepanovich is, it would seem to me, inclined to implement the reform gradually, more slowly, more cautiously....

I hope that the reform policy is maintained. Although it could be changed, the wishes of this individual or the other notwithstanding, under the pressure of various forces and circumstances.

[Golovachev] It has been reported in the press that you were prepared to remain vice premier had the government been headed by Yuriy Ryzhov or Vladimir Kadannikov. But the president, as it wrote, did not for some reason or other include Ryzhov's candidacy on the list for the "soft" vote. Why?

[Gaydar] I realized that at the initial stage of the reform the implementation of unpopular measures would be required and that changes in the government were possible, therefore. In this situation I truly was prepared to work as vice premier for economics together with Ryzhov; he is not, after all, an industrial manager and would hardly have interfered in current economic problems. But he categorically declined the offer to head the government, despite the fact that the president spoke with him and I spent a long time trying to persuade him....

[Golovachev] How did your family take the news of your resignation?

[Gaydar] Everyone was happy....

[Golovachev] You intend writing a book. About what?

[Gaydar] About economics and the problems of transformation of the postsocialist system. I cannot say anything in more detail—I am only just thinking over the plan of the book.

[Golovachev] And the final question. In your opinion, where, for all that, is Russia headed—forward or back? What are the odds?

[Gaydar] Fifty-fifty, I would say. We are once again at the crossroads, as it were—we could go forward, we could attempt to go back. But such an attempt would cost our people dearly.

#### On Procedure for Revaluation of Enterprises' Foreign Currency Accounts

*935D0191A Moscow EKONOMIKA I ZHIZN  
in Russian No 37, Sep 92 Insert p 6*

[Letter of the Ministry of Finance of the Russian Federation of 25 August 1992 No. 81: "On the Procedure for Revaluation of an Enterprise's Foreign Currency Accounts and Accounting Balance Items in Foreign Currency"]

[Text] Executing the edict of the president of the Russian Federation of 14 June 1992 No. 629 "On a Partial Change in the Procedure for Mandatory Sale of Part of the Foreign Currency Revenues and Collection of Export Duties," the Ministry of Finance of the Russian Federation has developed a procedure for revaluing foreign currency accounts and items of the enterprises' foreign

currency accounting balances in connection with the change in the exchange rate of the ruble quoted by the Central Bank of the Russian Federation on the basis of supply and demand in the foreign currency market.

The special commercial exchange rate for the ruble is abolished effective 1 July 1992. In accounts with incomes and expenditures of enterprises, the state budget, payment and clearing operations, and taxation the exchange rate for the ruble quoted by the Central Bank of the Russian Federation is to be used.

In connection with the foregoing, the following procedure is established for revaluation by enterprises, associations, organizations, and institutions, (henceforth called enterprises) including enterprises created on the territory of the Russian Federation with foreign investments and also international associations and organizations, of residual monetary funds in foreign currency accounts and other items of the accounting balance in foreign currency.

1. As of 1 July 1992 foreign currency items are to be revised upward by the difference between the exchange rate of the Central Bank of the Russian Federation in effect on 30 June and the exchange rate as of 1 July 1992 with the results reflected in the accounting reports for nine months and the year.

2. The following are subject to revaluation:

- a) residual monetary funds in freely convertible currencies in foreign currency accounts of enterprises opened in banks on the territory of the Russian Federation and outside it;
- b) residual monetary funds in freely convertible currencies in other accounts of enterprises opened in banks and other credit institutions on the territory of the Russian Federation and outside it;
- c) payment and monetary documents in freely convertible currencies (promissory notes, bills of exchange, checks, letters of credit, transfers, monetary funds enroute, etc.);
- d) cash money in freely convertible currency in the cash departments of enterprises;
- e) short-term financial investments in freely convertible currencies (shares, stocks, bonds, loans, etc.);
- f) property acquired for bank credit in freely convertible currency;
- g) indebtedness on short-term and long-term bank credit in freely convertible currency;
- h) enterprise funds in freely convertible currencies frozen in enterprises' foreign currency accounts in the Bank for Foreign Economic Activity and authorized banks of the Russian Federation;
- i) debtor indebtedness in freely convertible currencies—indebtedness on accounts with buyers and clients for goods and services, advances and claims made on suppliers, contractors, and transportation and other organizations, and also for claimed by them and recognized (awarded) fines, penalties, and forfeitures, on accounts with their workers for sums granted for business trips, and on accounts in freely convertible currencies with other debtors (legal entities or natural persons);
- j) creditor indebtedness in freely convertible currencies—indebtedness on accounts with suppliers and contractors for goods and services, on advances, on insurance, and on accounts in freely convertible currencies with other creditors (legal entities and natural persons).

3. The following are not subject to revaluation:

- a) enterprise property acquired with their own funds in freely convertible currencies and taken into account in their initial value (fixed capital, nonmaterial assets, less valuable and perishable items, production reserves, etc.) and also liabilities of enterprises—the reserve fund, special purpose funds, and others;
- b) the amount of the charter fund (capital) and the ratios of the shares of participants in enterprises formed on the basis of participation (membership), joint-stock companies, and other economic organizations and societies, including enterprises with foreign investments created on the territory of the Russian Federation;
- c) creditor indebtedness arising because of payments for imports and other expenditures from centralized foreign currency funds;
- d) accounts payable arising from exporting goods and services in keeping with state export commitments. When securing funds for repayment of such indebtedness the enterprise reflects these funds in the exchange rate quoted by the Central Bank of the Russian Federation, and the exchange rate difference is included in accounts with the budget for transferring it into the income of the republic budget of the Russian Federation.

4. The enterprises assign the amounts of upward revision:

- a) for property for which they received bank credit—increasing the ruble equivalent of indebtedness on bank credit;
- b) for accounts payable in foreign currencies, indebtedness on short-term and long-term bank credit in foreign currencies, and indebtedness on loans received from other enterprises in foreign currencies, and also payment and cash documents issued in foreign currencies—increasing the value of assets covered by this indebtedness.

The sums of upward revision subject to being assigned to the increase in the ruble equivalent of indebtedness on bank loans are reflected by the enterprises on credit side of accounts for registration of credit from banks in

correspondence with the corresponding accounts, in which funds and accounts subject to upward revision are taken into account.

The sums of upward revision subject to being attributed to the increased value of assets covered by creditor indebtedness on short-term and long-term bank credit or indebtedness on loans received from other enterprises (other than banks) are reflected by the enterprises on the credit side of the corresponding accounts in correspondence with accounts in which assets subject to revaluation are taken into account;

c) for other foreign currency items specified by Point 2 of the present letter—the results of economic activity.

5. The total differences arising in connection with the current change in the exchange rate of the ruble with respect to foreign currencies is assigned to account 80 "Profits and losses" as the financial operations are completed.

6. During 1992 it is permitted for the total differences arising in connection with the revaluation of 1 July of this year and the current change in the exchange rate of the ruble for foreign currencies to be assigned to account 83 "Incomes of future periods" with these sums being written off at the end of the year in account 80 "Profits and losses."

7. Joint-stock companies, other organizations and societies, and also enterprises with foreign investments registered in the Russian Federation before 1 January 1992 enter property received in 1992 and subsequent years in the payment of assets or contributions to the charter fund (capital) of the enterprise and appraised in the founding documents in freely convertible currency in sums determined by translating the corresponding currency appraisal into rubles at the rate in effect on the day of the entry. Entries are also made in the bookkeeping report on the debit side of the property account (for a sum determined by translating the corresponding foreign currency appraisal into rubles at the rate in effect on the day of the entry) and on the credit side of account 75 "Settlements with founders" (for a sum determined by revaluing the foreign currency appraisal established by the founding documents at the rate in effect on the day of the signing of the founding documents) and 88 "Special purpose funds" and the subaccount "Fund for supplementing internal working capital" (by the difference between the sums entered on the debit side of the property account and the credit side of account 75).

If in order to recalculate the foreign currency appraisal of property received in payment for shares or as a contribution to the charter fund (capital) of the enterprise, the founding documents specify the use of an exchange rate of the ruble different from the one in effect on the day of the signing of the founding documents, the entry indicated in the preceding paragraph is not made.

[Signed] Deputy Minister of Finance of the Russian Federation A.P. Vavilov

#### **Abridged Version of Higher Economic Council's Stabilization Program**

934A05284 Moscow *DELOVOY MIR* in Russian  
26 Nov 92 pp 2-3

[Abridged draft program of Higher Economic Council: "A Group of Measures To Stabilize the Russian Economy and Lead It out of Crisis"]

[Text]

#### **Crisis of Reform**

The economic climate at the end of 1992 differed in several respects from the pre-reform situation in December 1991, which was already being described as a crisis.

Under the conditions of the severe and rapidly growing crisis, the producers of goods have felt trapped in the grip of inflation, excessive taxes, and a shortage of working capital, leading unavoidably to bankruptcy, and have therefore been incapable of reorganizing (or re-equipping) to assure their survival.

The new participants in market operations—small businesses, farmers, and so forth—have also realized the futility of their efforts because of the same shortage of time and money (with the exception of the sphere of middleman operations, where there has been more lively activity, but with a dwindling commodity base).

The rising prices and galloping inflation caused by the reform in 1992 (in contrast to the ordinary inflation that existed even earlier) have created the kind of economic climate in which:

- the old base is curtailing the production of goods (because of the recession);
- a new base is not being created (because of the investment crisis);
- the standard of living of the population is displaying a dramatic and progressive decline.

The progress of the reform has not served the interests of the main participants in market operations—the consumers of goods (primarily the population) and the producers of goods.

If the reforms that were launched for the sake of progression toward the market have not augmented the supply of goods and have had the opposite effect instead, this means that they were not market-oriented reforms. We must find the non-market errors in these reforms, so that the mistakes can be corrected and so that adjustments can be made in order to direct the reform process into the actual channel of the market, in which the climate of the market will stimulate the production of goods, and not the reverse.

### Some Options for Future Development

The purpose of analytical forecasts is the comparative analysis of proposals and the assessment of the comprehensive nature of the reform process.

First of all, if we continue ignoring the whole group of factors contributing to the crisis in the Russian economy and pursuing an inflexible financial and credit policy, the decline in production could reach 55 percent by the end of 1993 (the point of departure here and later is the level at the end of January 1992). A recession affecting the production of consumer goods as well as heavy industry is unlikely to lead to thorough restructuring. The most probable prospect is the continuation of the rapid decline in the standard of living (food consumption will be reduced by half, and the consumption of non-food items will be reduced to one-fifth of the earlier level), as well as unemployment, which could affect more than half of the able-bodied population. All of this poses the threat of serious social upheavals. The declared fundamental goals of this policy—the minimization of the budget deficit and the limitation of price increases—are unlikely to be attainable.

Second, the elimination of the crisis of nonpayment by means of credit emission could be of some help in halting the collapse of the economy. In this case, the decrease in production volume over the two years could be equivalent to 41 percent, food consumption could decrease by 40 percent, the consumption of manufactured goods could decrease by 70 percent, and around 32 percent of the able-bodied population could be unemployed. The price of this could be higher rates of inflation, because currency emissions could amount to 1.3 trillion rubles by the end of 1993.

Third, the liberalization of the prices of energy resources starting in January 1993 (the 1992 price increases were taken into account in all of these possibilities) could cause the quicker rise of prices and additional currency emission.

Fourth, cost-of-living adjustments in the income of the population could cause retail prices to soar, and this would require the emission of almost 10 times as much currency at the end of 1993 than in December 1992. Under these conditions, the adjustments would not help to maintain the standard of living and would even stimulate processes leading to its decline. Total production output would decrease by 46 percent by the end of 1993 and the rate of unemployment would be quite high.

Fifth, the conversion of part of the military-industrial complex (20 percent in 1.5 years) would produce positive results, but not right away—only in one or two years. In this case the decline of production by the end of 1993 would be equivalent to 37 percent (the lowest rate of decline in the five different options). In spite of the increase in currency emission by the end of 1993, food prices could rise more slowly because the reduction of output would be less dramatic (in comparison to the other options).

The analysis of the government forecast for 1993, the forecast of the socioeconomic development of the Russian Federation in 1993, submitted by the Ministry of Economics and approved at a government meeting on 14 October, raises several serious questions.

The indicators in this forecast are only the general figures for the year, whereas the changes in these indicators during the year could be of equal, if not greater, importance because they would attest to the deceleration or acceleration of crisis-related processes.

The forecast is based on "specific scenario conditions" in the form of favorable assumptions. There are the assumptions, for example, that:

- total deliveries of the main material and technical resources between enterprises in the CIS will decrease to 70-90 percent of the 1991 delivery volume in 1993;
- decisive shipments from the countries of the former socialist community will continue or be resumed;
- the government's plans to lift energy price controls and bring these prices as close as possible to prices in the world market will be followed by an increase of only 2-2.5 times in wholesale oil prices (although the difference between these prices is many times in excess of this) and a 2.9-fold increase in average wholesale prices in comparison with 1992 prices;
- a "moderately austere" deflation policy will be conducted to limit the scales of credit emission dramatically, and this will preclude the sizable decrease in output that could be caused by the mass bankruptcy of enterprises.

Each of these assumptions arouses serious doubts, and their simultaneous fruition seems highly improbable. The forecast, however, is based on the realization of the whole group of scenario conditions, and this diminishes its veracity because no alternative developments are envisaged.

What does the government forecast promise for 1993 even under these "hothouse" scenario conditions?

The crisis of reproduction, the growth of unemployment, and the reduction of industrial output by 8-10 percent and of exports by 9 percent—these are the "frontiers" the government expects to reach even if the most favorable assumptions should come true. The "permissible" level of decline is said to be a decrease of 5-15 percent in the volume of national income and the gross domestic product. It does ascertain that more than half of the population of Russia already had a per capita income below the minimum consumption level this year. Therefore, judging by this forecast, the government expects the people to be willing to endure virtually unlimited consequences.

Regrettably, not one of these different options can secure the possibility of surmounting the increasingly severe economic crisis in 1992 and 1993.

### **What Are the Goals?**

One of the main questions that bothers the people and should bother the government and the Supreme Soviet is this one: What is the purpose of the dismantling of old administrative structures, the devastation of operating economic entities, and the changes in the ideological foundations of society? Virtually all of the programs of economic reform proposed up to this time have defined the goal (either directly or indirectly) as the "market" or the "transition to the market." We believe that this is a strategic error (and not only in the sense of procedure, but also in the practical sense). This has never happened in human history. A reminder of something that is self-evident might be pertinent here: The transition to the market is not a goal in itself, but only a means of establishing a normal, "humane" economy. Market mechanisms are needed only so that the life of the human being will get better each week, each month, each year, and each decade. In the simplest terms, the government should not have any other goal than a national level of consumption of goods, services, and social benefits sufficient for the normal reproduction of the human being.

Proceeding from this main goal, the government must submit a design of the reformed economy and its structure—property, sectorial, territorial, and social—to the public, the Congress of People's Deputies, and the Supreme Soviet for their consideration. And the main thing, in our opinion, is that it has to provide government guarantees and decide the lowest possible standard of living indicators at which the reform will not become meaningless. This applies to wages, food consumption, housing, health, education, and so forth.

The army is in a particularly tragic position. The individuals who pledged their loyalty to the motherland constituted one of the most unfortunate strata of the population. After rushing to the aid of the state, they need state aid more than anyone else today.

How can we choose the proper criteria for this?

The progress of the reform dictates the need to pass a special law on reform, which would stipulate the need for government guarantees (pertaining, for example, to the standard of living, the rate of production decline, inflation, and so forth) and define the mechanism of responsibility.

### **Privatization**

The purpose of privatization is the stabilization of production and the enhancement of its effectiveness; the maintenance and elevation of the public standard of living on this basis; and the creation of a stratum of effective property owners capable of giving the economy social direction.

The attainment of these goals will necessitate the following:

- not the elimination of state ownership, but the elimination of its monopoly status and the promotion of a variety of forms of ownership;
- the channeling of additional resources into production during the course of privatization;
- the exclusion of the possibility of privatization methods that could intensify inflationary processes.

The processes of privatization should envisage demeritization, decartelization, the division of large associations and enterprises with no uniting technological links, the elimination of old ties and vertical integration, and the establishment of state corporations by means of the voluntary association of joint-stock companies. The privatization of property should also solve the problem of the privatization of finances—i.e., the division of enterprise and state finances, the creation of a new market chain of demand signals with technological links, and the augmentation of the production and supply of useful products.

Current privatization processes put the emphasis on administrative methods, setting privatization assignments controlled by government agencies (state committees and funds). There are long lists of enterprises which cannot be converted into joint-stock companies or require special authorization for their conversion. This approach unavoidably gives the processes an authoritarian nature and leads to a preoccupation with the formal aspects of the matter and the dismissal of the economic aspects.

In principle, the current process of privatization can be described as a group of measures taken at a time of legal-organizational and procedural uncertainty without the necessary social guarantees for the overwhelming majority of the population and without any analysis or monitoring of the results.

Therefore, in the briefest terms, the main reasons for the adjustment of the existing mechanism and the organization of more efficient privatization are the following:

- the awkward nature of the privatization mechanism and the absence of a privatization strategy;
- the lack of supervision in the privatization of state property;
- the illogical uncompensated transfers for privatization checks and, as a result, in addition to the high cost of this campaign, the absence of incentives to enhance productivity and improve working conditions;
- the use of vouchers not secured by stock capital, contributing to the rise in inflation;
- the lack of protection for the personnel of budget-carried enterprises and for people without jobs.

The main proposals regarding the adjustment of the privatization process are the following:

1. The coordination of standard procedural documents with the laws of the Russian Federation on privatization.

2. The expansion of the possible varieties of privatization with a view to republic, regional, and sectorial features.

3. The provision of labor collectives with stronger incentives for more effective production by means of the following:

—the granting of priority to them in deciding the method and legal-organizational form of enterprise privatization for a year. At the end of the year, this priority will be cancelled, and the appropriate agencies may make decisions on the compulsory conversion of enterprises. In this case, the labor collectives will have no legal or moral right to challenge these decisions because of their inability to make good use of the priority rights granted to them;

—the offer of tax privileges to banks crediting stock purchases by labor collectives;

—the establishment of commercial and profitable banks to give labor collectives financial assistance in the privatization process and to offer expert appraisals of possible plans for privatization;

—the transfer of the shares of stock distributed to labor collectives without charge from the preferred category to the category of common stock, thereby granting these collectives the right to entrust their voting rights to councils of labor collectives or other bodies (including financial entities—banks, investment funds, and others); the provision for the possibility of collective ownership of the shares of stock;

—the institution of compulsory standards governing the representation of labor collectives in the administrative bodies of the joint-stock companies.

4. The review of the lists of enterprises for which conversion into joint-stock companies is prohibited or is conditional upon special circumstances for the purpose of shortening these lists.

5. The passage of a law on the state corporation.

6. The authorization of participation in the establishment of a joint-stock company by enterprises other than the enterprise to be converted (particularly those with connecting technological links), banks, and pension, insurance, and other funds of any form of ownership. This will pave the way for the horizontal integration of economic elements connected by technological links (in contrast to the existing form of horizontal integration) and for the establishment of different types of corporations.

7. The stepped-up drafting and approval of the standard documents laying a legal foundation for participation by foreign investors in the conversion of enterprises into joint-stock companies.

The best way to proceed without undermining public faith in the vouchers would be the following: the institution of noncash forms for the negotiation, safekeeping, and circulation of privatization checks. This could solve some of the problems in reciprocal settlements between the seller and buyer, especially when the latter is a physical person (the members of a labor collective, for example). The Savings Bank could do part of this work by opening accounts for citizens in place of the privatization checks, because the Savings Bank is already participating in the issuance of privatization checks. Methods of compensating the Savings Bank for the cost of accepting, appraising, storing, and disposing of the checks will have to be determined.

Any individual should be able to open a special account in a branch of the Savings Bank for the sum of the privatization checks he deposits. The sum will exist in this account in the form of a recorded entry (in noncash form). When shares of stock are purchased, the payment amount will be subtracted from this account and added to the account of the seller. Sellers will open special accounts to keep track of incoming receipts from privatization checks.

The use of privatization checks to purchase the fixed assets and working capital of enterprises, the land assigned to them, and parcels of land for private housing construction, for gardening, and so forth should be permitted.

#### The Best Option

1. All enterprises that were not privatized in 1992, with the exception of those for which privatization is prohibited, will be converted into open joint-stock companies, as envisaged by law.

The state property on the basis of which they will be established will be turned over to them for temporary use, by the terms of a contract on the sequential purchase of this property within a period of 3-5 years (depending on the size of the enterprise).

2. The purchase of fixed assets and working capital will be accompanied by the acquisition of the land assigned to the enterprise by the members of the collective. The average price of land will be set at 1 million rubles per hectare and will be covered by privatization checks at their par value. In this case, the par value of the privatization check will rise to 30,000 rubles, and the market value will rise even higher.

3. The conversion of the enterprise into a joint-stock company according to this option will presuppose the issuance of 100 percent of the common stock (including the land). Ten percent of this stock will be sold on the free market immediately, 80 percent will be acquired by the members of the labor collective, with exclusive rights and at par value, and 10 percent will be purchased by the enterprise collective as collective property.

**The last portion (10 percent) of the stock purchased by the labor collective will be turned over to the administration for temporary use, for the acquisition of the necessary dividends and control.**

**4. Throughout this period, the joint-stock company will not have the right to change its main area of specialization without the consent of the State Committee of the Russian Federation on Anti-Monopoly Policy and the Support of New Economic Structures, and workers may sell shares of stock only within their own collective.**

**5. The State Property Committee of the Russian Federation and other property committees will be responsible only for the phase of joint-stock conversion covering the planning and supervision of the privatization process.**

**6. The cost of each state enterprise will be calculated on the basis of the residual value of fixed assets on 1 January 1992, working capital, and the value of the land assigned to the enterprise at the time the sales contract is negotiated.**

**7. If the collective of the joint-stock company is unable to purchase the state property within the period specified in the contract, this property will be offered for sale in equal shares (in the form of stock) at the current rate with adjustments for inflation.**

As soon as the contract for the sale of the state property has been signed, 10 percent of the common stock and 20 percent of the land stock in the new joint-stock company will be sold on the free market to attract outside investors and to fill the stock market with real securities as soon as possible. These shares of stock may be acquired by the collective of the joint-stock company on the same terms.

The nominal portion of the receipts (par value) from the sale of this group of shares will be deposited in the budget. The remaining portion will be returned to the enterprise for its development.

**8. The new joint-stock company acquiring state property for temporary use must maintain it in a state no worse than at the time the sales contract was concluded until the enterprise has been completely privatized.**

**9. After all of the payments for the state property have been made, the joint-stock company will be issued a certificate of ownership rights in place of its temporary rights.**

**10. Proceeds from the sale of state property, with the exception of the payments to organizations carrying out the privatization process, will be deposited in budgets on different levels in accordance with the standards governing the distribution of the proceeds from privatization (Table 5 in the State Privatization Program for 1992) and will be spent on the following:**

**—50 percent on the extension of preferential credit to enterprises for promising investment projects;**

**—50 percent on the maintenance of the budget sphere and the social security of the population during the privatization period.**

Preliminary calculations based on an economic analysis of this privatization option indicate that it will provide for annual compensatory payments of up to 50,000 rubles, without adjustments for inflation, to the personnel of budget-carried enterprises and the jobless during the privatization period.

#### **Ownership of Land**

From the standpoint of the effectiveness of reform, the reduction of the moratorium on the purchase and sale of agricultural land will not have any fundamental impact. The effective use of agricultural land is connected primarily with the quality and duration of its improvement, including the addition of structures, the enhancement of soil fertility, and so forth. All of this requires years of effort, particularly in view of the neglected state of Russia's land.

As a rule, those who advocate the quicker purchase and sale of this land are expecting some kind of economic impact (the price of the land) from the non-agricultural use of the land. This is not true, however, because the transfer of land from one category to another is regulated by other procedures, and not by its purchase and sale.

Instead of continuing the artificial and economically senseless politicizing of this issue, land-based relations should continue to be developed with the natural institution of the purchase and sale of land, but with an emphasis on the more effective use of the land as an agrarian base.

As for land-based relations in populated communities, there is a special need to regulate these relations in communities where most of the economic activity is performed by traditional state enterprises and the rapidly growing sphere of new entrepreneurial structures. The quicker elimination of the bias in favor of agriculture in existing land legislation must be accomplished by means of the appropriate adjustments or the adoption of a special state ordinance. The latter should cover the legal bases of the mechanism regulating the land relations of local government agencies with legal entities and physical persons doing business within the community. The acknowledgement of the priority of the leasing of land as the main form of land relations in cities will be of fundamental importance.

#### **Social Policy**

The primary objectives for 1992 and 1993 should be the following:

- the cessation of the disastrous decline in the standard of living of most of the population;**
- the prevention of mass unemployment;**

- social guarantees for all social segments of the population and the exercise of their rights in the privatization process;
- the institution of housing reform in the interest of hired labor;
- the maintenance of state guarantees for the development of the social sphere;
- the prevention of any reduction of the network of establishments of public health, public education, culture, sports, and other branches of social services.

In the sphere of employment, a state program for the promotion of fuller employment, based on a scientifically sound forecast of the release of workers in different sectors, regions, and social segments of the labor force, will go into effect on 1 January 1993. The program provides for a group of measures to establish a regulated labor market, prevent mass unemployment, avoid the negative effects of restructuring, conversion, and privatization, and give employers incentives to create new jobs and to retrain personnel.

In the event of the threat of the mass release (of over 5 percent) of personnel in certain regions or sectors, the state will institute emergency measures without delay.

#### Restoration of Private Savings

When the state sent the society down the road of reform, it had specific plans for the population. It relieved people of the need to save money, created conditions (inflation) in which accumulation was senseless, provided opportunities for private initiative (without initial capital investments), and kept people in a state of anticipation (with the vouchers). In effect, the state is still the largest owner of capital. The processes of denationalization and privatization have divested the state of part of its property, but there is no indication of the amount of this property and the kind of property that will reach the citizens constituting the majority of Russians.

In the atmosphere of stagflation, the state, as a capitalist, suffered grave difficulties. Against its own wishes, it had to extend trillions of rubles in credit to its own enterprises, because the absence of private credit markets meant that there was no one else to extend them this credit.

In essence, this is how the maneuver is to be carried out: The state will charge the credit requested by the Ministry of Industry and Ministry of Finance to augment the working capital of enterprises (500-700 billion rubles) to savings bank depositors in proportion to their time deposits (10 years) for enterprise crediting on 1 January 1992.

If the savings banks are not prepared to manage sums of this size, they can be deposited temporarily in the special accounts of savings banks in commercial banks.

The deposit structure will not allow the depositor to withdraw and spend the money—i.e., the function of crediting enterprises will be maintained.

As a result of this maneuver, the state will:

- repay the debt to depositors for the devaluation of their savings;
- “share” capital with the population by turning it (the population) into an active participant in market relations as the owner of capital that is working (and generating real income);
- establish a private credit market;
- put privatized savings banks under the control of depositors (through shares of stock issued in proportion to deposits).

The main feature of this maneuver is the rapid inclusion of much of the laboring public, which has grown accustomed to counting every kopeck, in real market operations—and in the capacity of a creditor. The state capital included in the capital stock of the Savings Bank is to be returned to the population through shares of stock and several other sources.

#### Foodstuffs

The length of the production cycle in agriculture imposes definite limits on the state's ability to take immediate measures to stabilize food prices. Two stabilizing maneuvers are possible here, however, and they are the following:

- the reorganization of poultry farming as an industry, without land of its own, by establishing the appropriate industrial corporation and incorporating mixed feed plants (with cereal products) in its structure and turning all imported fodder grain (especially corn) over to this corporation. With its own supply of mixed feeds, the sector will be able to restore production quickly and augment output. This could increase the output of poultry meat by 30-40 percent;
- a change in grain import policy: All of the different elements of mixed feeds should be imported instead of commercial grain, and the level of feed production, which has been reduced by a third, should be restored for the subsequent exchange of mixed feeds for grain. This would reduce the inefficient feeding of livestock with unprocessed grain (the main reason for the shortage of grain in the country) and simultaneously enhance the productivity of livestock. This maneuver could also begin alleviating our dependence on imported grain (Russia had to import more than 24 million tonnes of grain in 1992 to satisfy a demand for around 31 million tonnes).

The group of immediate measures should also include the elaboration of the fundamentals of the patronage of kolkhozes and sovkhozes, because the land they work, due to its colossal dimensions, could not be used by

anyone else in the event of their mass bankruptcy and would fall into neglect (117 farms in Great Britain—the largest farms in Europe—would fit into the territory occupied by the average Russian kolkhoz or sovkhoz). For purely financial reasons, the young farmers' movement would be unable to "snap up" the land of bankrupt kolkhozes and sovkhozes.

### Housing Reform

The elements of our program are the following:

- the extensive use of extra-budgetary sources of financing for housing construction;
- the establishment of state-controlled non-market structures to stimulate the social thrust of market processes of housing reproduction;
- a comprehensive approach, in which the financing, investment, construction, distribution, consumption, and operation of available housing will be links of a single process intended to satisfy the most important social needs of the Russians;
- the creation of a broad variety of public and private types of housing to meet the differing needs and possibilities of different households;
- the institution of a fundamentally new system of payments for housing to prevent excessive increases.

A transition to the offer of leases for all available housing has been proposed, and this will entail an inventory of all available housing to determine the residual value of each apartment.

### Finances

The main cause of inflation is the current absence of limits on price increases. Prices turn into debts, and these are compounded because everyone expects the state to guarantee their repayment. To stop this process, the state should gradually give up the function of crediting enterprises and stop guaranteeing the repayment of debts. Then the expenditures of buyers will be limited by the following: a) the enterprise's own income; b) market bank credit; c) advance limits on state support.

In addition to the establishment of a private credit market, plans also call for the following:

1. A freeze on debit and credit balances for 10 years after offsetting.
2. The notification of enterprises that the further accumulation of reciprocal debts and the raising of wholesale prices through sales on reciprocal credit are counterproductive and will not be acknowledged or covered.
3. The complete separation of decisions on the future crediting of enterprises from records of reciprocal debts.

Under the conditions of market reform, it will be essential to surmount the fundamental flaw of the ruble economy, namely clearing operations unsupported by cash.

These operations are flawed because the origination of this money cannot be controlled, but when the bills are presented to the state for payment, these operations soon become cash transactions against the will of the state.

The elimination of these unsupported operations presupposes the following:

1. Money will be circulated between enterprises, banks, and physical persons only in the form of:
  - cash,
  - or liquid instruments—i.e., the kind of documents that can be exchanged for cash at any time, namely bank checks, promissory notes, bonds, and other securities.
2. The state will secure monetary circulation exclusively by means of two types of documents:
  - bank notes, representing cash,
  - and bonds, earning interest and representing liquid instruments.
3. The non-cash pseudo-credit issued by the Central Bank to the Ministry of Finance and commercial banks will be cancelled accordingly.
4. The government may not borrow unsupported money from the Central Bank and must issue bonds in exchange for cash transfers, thereby eliminating the automatic issuance of currency to cover wage increases.
5. The central banks of the states in the ruble zone and the enterprises of Russia will be notified that unsupported money will be abolished and that debts expressed in these terms will not be acknowledged by any bank in Russia.
6. There will be a freeze (until the matter has been reviewed) on the debit and credit balances in intergovernmental records of reciprocal enterprise debts.
7. There are plans for the establishment of an intergovernmental central bank either by agreement or in a unilateral manner. It will not be allowed to set emission quotas for different states in the ruble zone. It will only monitor the total money supply and issue an agreed quantity of currency.

### Banking Reform

The purpose of banking reform is the quick establishment of fully operating private credit markets in place of the present unwieldy and inflationary system for the distribution of state finances. The final goal of banking

reform is the establishment of a foundation to surmount the recession and secure non-inflationary economic growth.

The existing savings bank mechanism will lie at the basis of the new network of private credit markets.

The main planned measures are the following:

1. The supplementation of the resources of savings banks and their privatization. This will be accomplished in the following manner. Several savings banks will be consolidated, will become one bank, and will be privatized along with the capital stock belonging to the Central Bank. The population will receive shares of stock in proportion to their deposits on 1 July 1991. The capital stock belonging to the Central Bank will be converted into state bonds, and these will be issued to savings bank depositors.

The investment of 500-700 billion rubles in centralized credits, intended for commercial banks and enterprises, and the privatization of the state's share of the assets of savings banks, will do much to reinstate the private savings of the population as the main credit resource in Russia.

2. The capital stock of state ministries and departments in commercial banks will be converted into state bonds, and these will be distributed to the depositors of savings banks. The latter will be issued shares of stock in commercial banks for the amount of the bonds.

3. The capital stock of state and other enterprises in commercial banks will be converted into enterprise time deposits and will represent a major credit resource (around 700 billion rubles). State bonds will be issued for this amount to supplement the capital stock of commercial banks and will be distributed among the depositors of savings banks in proportion to their deposits on 1 July 1991. They will be given a corresponding number of shares of stock in commercial banks.

4. The capital stock of non-state enterprises and private individuals in commercial banks, consisting of credits from other commercial banks (i.e., the reciprocal credits of commercial banks), will be returned to the creditors, because credits cannot become part of a bank's capital stock.

5. The capital stock of commercial banks generated by their own profits will automatically be transferred from the old owners (the state and enterprises) to new owners—the savings banks' depositors in 1991. The new owners will be issued shares of stock corresponding to the amount of the capital stock.

6. The combination of the total amount of the bonds converted into stock and the additional shares and the total amount of property owned by savings banks and commercial banks, will return a large portion of the savings the population lost in 1992.

7. The difference between savings banks and commercial banks will be virtually eliminated. Both will turn into ordinary private credit institutions.

8. Commercial banks will be completely separate from the Central Bank. The extension of non-cash credits will be stopped.

9. The future of sectorial banks with preferential specialized credits is being given special consideration.

10. Measures will be taken to stop covert banking operations by enterprises.

11. The Central Bank and commercial banks will establish the market rates of positive interest on deposits and credits—i.e., rates exceeding the rate of inflation.

The victory over inflation should redirect the credits of commercial banks from short-term investments in middleman operations to long-term investment in production.

12. Questions connected with deposit insurance are being deliberated.

In addition to the establishment of the network of private credit markets to extend credit to production units, the efforts to establish credit markets of other types will be continued: home mortgage banks, real estate mortgage banks, investment banks, credit unions, mutual aid societies, etc.

#### Currency Maneuver

The goal is to secure a currency reserve for Russia for the dramatic anti-inflationary rise in the rate of the ruble, convertible within the bank, during the stimulation of free foreign economic operations, but within the confines of tax and customs regulations.

The following measures have been planned:

1. The establishment of customs borders with neighboring countries of the former USSR for the institution of administrative and criminal liability for smuggling.

2. The institution of customs tax controls, functionally equivalent to export licenses, by requiring customs agencies to forward customs declarations to a branch of the Central Bank of the Russian Federation, with criminal penalties for offenses connected with tax evasion.

3. The authorization of import deliveries and (or) barter transactions for all or part of the amount of export sales, but with the supervision of clearing operations by the Central Bank with the aid of customs documents.

4. All currency receipts will be the object of fiscal control. Foreign currency accounts may be opened under this kind of control in all commercial banks licensed for foreign currency operations. For the purpose of fiscal control, the safekeeping of foreign currency in banks will be compulsory (i.e., 100-percent deposits). Interest on foreign currency accounts will be taxed in the usual

manner at the market exchange rate. The foreign currency receipts of Russian foreign trade operations may not be deposited in foreign banks.

**5. Foreign currency may not be used in any short-term commercial operations within the territory of Russia.**

**6. The owners of foreign currency who are obligated to keep foreign currency accounts and conduct internal operations only in rubles will be authorized to enter into free relations with the banks servicing their accounts for the exchange of foreign currency for rubles and vice versa.**

**7. Commercial banks will keep part of the foreign currency deposits in the Central Bank and will sell the foreign currency and lend it on the collateral or security guarantees of large banks in the developed capitalist countries.**

**8. Commercial banks and the Central Bank will apply a positive rate of interest to foreign currency deposits and loans. The state will guarantee that foreign currency accounts will not be frozen or confiscated and will not be subject to compulsory exchange for rubles.**

**9. In this way, the complete convertibility of the ruble in current operations will be instituted with fiscal and customs control over foreign trade and the free use of the ruble in capital operations in the domestic market.**

#### Taxes and the Budget

The main thing here—after the painful, one-time procedure to include higher rents in industrial prices—will be the transition to a system of taxation that will be more "sympathetic" to enterprises, leaving them as much of their resources as possible for restructuring.

Because sectors based on the use of natural resources (oil and gas, timber, electricity, and construction materials) will soon be the most profitable branches by world standards, would it not be best to look here for sources of additional budget income by charging higher rents?

On the other hand, does it make sense to tax branches like the construction industry, which has not been actively involved in the restructuring process yet, or machine building, which needs fundamental renovation, not to mention agriculture and the chemical industry, which are far below world standards in spite of the high demand for their products?

Approximately 40 percent of all state budget income should be deposited in the federal budget, and around 60 percent should be deposited in regional and local budgets. The federal government will be redistributing income, primarily from rent payments, among regions—taking money away from regions rich in natural resources and profitable sectors and giving it to poor regions.

#### Investment

The investment process continued in spite of the economic conditions created by the crisis in 1992. It was propelled by inertia, by the convictions of certain individuals, and other factors, but not by the hope of profits—i.e., by economic incentives.

Sources of investment should include the following:

- the personal investment resources of enterprises, irrespective of their forms of ownership;
- private credit markets;
- to a limited extent, budget capital (federal and regional).

Federal and municipal property reserves and non-material assets (enterprises, shares of stock, concessions, patents, know-how, etc.) will be used to attract foreign investors and foreign capital.

The state should offer special support for investments of technology (or know-how), in which the investor turns over the item, the technology for its production, and the trade mark, but is not responsible for any particular capital outlays. This responsibility is assumed by the "accepting party." The investor retains the right of technical supervision and a monopoly on exports and receives a contracted share of the profits. This method of investment is particularly important in the small business sphere.

Another important move would be the establishment of an international insurance fund to insure private foreign investments in the Russian economy.

Investments should be deducted from taxable income, but this should apply only to investments in production.

With a view to objective and subjective risks, foreign investors should be given special legal privileges not granted to domestic investors, but only if they bring new technology into Russia (tax credits for imported know-how).

#### Conversion

This will necessitate, in particular:

- the release of enterprises slated for conversion from the patronage of the military-industrial complex by issuing firm state orders to them;
- the registration of the personnel composition of specialists in the defense complex and the planning of a group of measures to provide incentives for their work in the defense complex;
- the organization of a state inventory of world-class domestic achievements in science and technology, with the compilation of a state register, and the use of

this as a basis for special programs to support priority fields of scientific and technical development in Russia;

- the expansion of the rights of defense enterprises by granting them the right to operate in foreign markets under government supervision;
- the stimulation of the production of new civilian products;
- the guarantee of the technological compatibility of the civilian and defense sectors of the economy by instituting a mechanism for the transfer of technology (standard documents and so forth) from defense branches to the civilian sector;
- the issuance of state orders only on a competitive basis, which will stimulate competition.

#### **Support of Small Business and Entrepreneurship**

This will require the following:

1. The passage of a law on small and medium-sized businesses, recording their criteria, rights, obligations, and privileges.
2. The definition of the means of forming small business enterprises. These might include the establishment of new enterprises, the creation of small enterprises during the process of the privatization of state enterprises, and the creation of enterprises with elements of state enterprises during the process of their demonopolization.
3. The restoration of the financial base for the establishment of small and medium-sized enterprises by compensating the population for confiscated bank accounts and extending credit on preferential terms to the founders of small enterprises.
4. Assistance in the establishment of a broad network of leasing companies offering businessmen a chance to acquire equipment and machines on the installment plan. As commercial structures, the leasing companies should operate within the network of credit unions and insurance companies.
5. The use of the time deposits of the founders of small and medium-sized businesses, the members of their families, and their friends who are savings bank depositors for investments in these enterprises.
6. The institution of a standard scale for the deduction of investments from taxable income in the very first year for small and medium-sized businesses.
7. With a view to the experience of developed countries, all of this should be accompanied by state support of small and medium-sized businesses with informational, legal, and other non-financial services.

#### **The Law**

The legal measures that should be taken without delay for the purpose of stabilization will include the immediate drafting and passage of the following laws:

1. Laws on the guarantee of property rights and on the procedure for the confiscation of property. Today the property owner has to feel secure. The state must clearly establish and guarantee this sense of security.
2. Laws on the protection of the economic security of the Russian Federation, on state secrets, and on commercial secrets. The establishment of the new order and system of government has been accompanied by the misappropriation of the country's economic potential. Preventing this is our main current objective.
3. Laws on the declaration of private income and on the declaration of the income of people's deputies and high-level officials, a law on corruption, a law on money "laundering," and participation in an international agreement on this problem.

Until all of these legal documents have been approved and implemented, the market will display a tendency toward criminal deviations.

4. A law on social partnership.

Social stability in the society during the transition period should also be established by agreements to coordinate the interests of business and labor, agencies of the executive branch of government, and so forth.

The program was abridged by the newspaper editors.

#### **Edict on USSR State Treasury Bonds**

*935D0190A Moscow ROSSIYSKAYA GAZETA  
in Russian 23 Dec 92 p 5*

[“Edict of the President of the Russian Federation ‘On USSR State Treasury Bonds’”]

[Text] Recognizing the continuity of obligations of the former USSR and for the purpose of protecting the economic interests of citizens of the Russian Federation, I decree:

1. To establish that USSR state treasury bonds issued under the conditions approved by decree No 1178 dated 29 December 1989 of the USSR Council of Ministers, with due regard for the changes made by decree No 553 dated 7 July 1990 of the USSR Council of Ministers and by edict No UP-1708 dated 22 March 1991 of the USSR President, are subject to redemption as of 1 January 1993 by institutions of the Russian Federation Savings Bank from citizens of the Russian Federation with the funds of the republican budget of the Russian Federation at the nominal value with the payment of income for 1992 at an annual interest of 30 percent.

At the wish of the owner of USSR state treasury bonds the funds from their sale can be assigned for the purchase

of bonds of the 1992 Russian internal lottery loan without payment of the rate difference by buyers, or can be placed in deposits of the Russian Federation Savings Bank.

2. To discontinue as of 1 December 1992 the sale of USSR state treasury bonds.

3. The Russian Federation Ministry of Finance, jointly with the Russian Federation Savings Bank, must approve the conditions of and the procedure for the redemption of USSR state treasury bonds, as well as for the liquidation of unsold treasury bonds available in departments of the Russian Federation Savings Bank.

4. This edict enters into force in accordance with the procedure established by decree dated 1 November 1991 of the RSFSR Fifth Congress of People's Deputies "On Legal Support for Economic Reform."

[Signed] *B. Yeltsin, president of the Russian Federation  
Moscow, the Kremlin  
8 December 1992  
No 1555*

#### **Decree on 'Almazy Rossii-Sakha' Joint-Stock Company**

**935D0190B Moscow ROSSIYSKAYA GAZETA  
in Russian 22 Dec 92 p 5**

[“Decree No 948 dated 1 December 1992 of the Government of the Russian Federation, Moscow, ‘On the ‘Almazy Rossii-Sakha’ Joint-Stock Company’”]

[Text] Pursuant to edict No 1481 dated 28 November 1992 of the President of the Russian Federation “On the Joint-Stock Company for the Mining and Sales of Diamonds” and for the purpose of improving market mechanisms regulating the activity of the diamond-brilliant complex, the Government of the Russian Federation decrees:

1. To establish that the “Almazy Rossii-Sakha” Company bears responsibility for the quality of diamond grading, correct determination of prices, and observance of the requirements of antimonopoly legislation of the Russian Federation.

The Russian Federation Ministry of Finance and the Russian Federation Committee on Precious Metals and Stones within a period of 1 month must work out the procedure for the sale within the quota of control batches of unprocessed natural diamonds on the foreign market and submit it for the approval of the Government of the Russian Federation.

2. The founders of the “Almazy Rossii-Sakha” Company must ensure the performance of the following functions by the company:

—meeting on a priority basis the needs of state funds and reserves of the Russian Federation and of the

Sakha Republic (Yakutia) for diamonds, grading diamonds for their needs, and ensuring an unconditional fulfillment of the obligations of the Russian Federation and of the Sakha Republic (Yakutia) regarding bilateral and international agreements pertaining to trade in natural diamonds;

—ensuring the export of natural diamonds from the state funds of the Russian Federation and of the Sakha Republic (Yakutia) in the amounts established by the governments of the Russian Federation and of the Sakha Republic (Yakutia);

—grading under the terms of a contract diamonds mined in the territory of the Russian Federation according to classifiers accepted in international practice with the retention of existing rights of ownership of them;

—ensuring equal opportunities of access to raw material resources for all diamond consumers operating on the internal market of the Russian Federation.

3. To entrust state control over the quality of diamond grading, correct determination of prices, and observance of the requirements of antimonopoly legislation of the Russian Federation by the “Almazy Rossii-Sakha” Company to the Russian Federation Committee on Precious Metals and Stones and to the Russian Federation State Committee on Antimonopoly Policy and Support for New Economic Structures.

4. To take into account that before 1 January 1993 the Russian Federation State Committee for the Management of State Property will transfer under leasing conditions the fixed capital and other property of the “Almaznyy Tsentr” Enterprise to the “Almazy Rossii-Sakha” Joint-Stock Company.

5. The Russian Federation State Committee for the Management of State Property, in agreement with the Russian Federation Ministry of Finance, will ensure the reorganization of the “Almazyuvreleksport” Foreign Trade Association with the transfer to the “Almazy Rossii-Sakha” Company of the subdivisions ensuring the performance of its functions.

6. To establish that the export of brilliants is carried out in accordance with the established procedure without quantitative restrictions through organizations registered in the Russian Federation Ministry of Foreign Economic Relations in accordance with edict No 628 dated 14 June 1992 of the President of the Russian Federation “On the Procedure for the Export of Strategically Important Raw Material Goods.”

7. To permit the Russian Federation Committee on Precious Metals and Stones to issue before 1 January 1993 raw diamonds for processing into brilliants to state lapidary enterprises on the basis of customer-supplied raw materials.

8. The Russian Federation State Committee for the Management of State Property and Moscow’s municipal

council must examine the question of granting premises in the city of Moscow to the "Almazy Rossii-Sakha" Company.

9. To appoint the following as representatives of the Russian Federation in the observation council of the "Almazy Rossii-Sakha" Joint-Stock Company:

- Golovatyy, A. I.—Russian Federation deputy minister of finance;
- Mostovyy, P. P.—deputy chairman of the Russian Federation State Committee for the Management of State Property;
- Burlinov, Yu. I.—first deputy chairman of the Russian Federation State Committee on Antimonopoly Policy and Support for New Economic Structures;
- chairman of the Russian Federation Committee on Precious Metals and Stones (in office).
- Ageyev, A. I.—chief of a department at the Russian Federation Ministry of Foreign Economic Relations.

[Signed] Ye. Gaydar

#### On Determining Interest Rates for Using State Energy Credits

935D0190C Moscow ROSSIYSKIYE VESTI in Russian  
17 Dec 92 p 4

[Procedure for the Correction of Interest Rates for the Use of State Credit for the Replenishment of Circulating Capital]

[Text] Edict No 1089 dated 17 September 1992 of the President of the Russian Federation "On State Regulation of Prices of Individual Types of Energy Resources" changed the procedure for the formation of prices of petroleum, including gas condensate, as well as established an increase in existing wholesale prices of coal, shale, coal enrichment products, and briquettes.

In connection with this the Russian Federation Ministry of Finance reports that for enterprises and organizations (hereinafter "enterprises"), which received credit before 1 October of the current year, when determining the interest rate for the use of credit in accordance with point 1 of the Procedure for the Granting of Target-Oriented State Credit for the Replenishment of Circulating Capital in 1992 to State Enterprises and Organizations established by letter No 2-9 dated 3 July 1992 of the Russian Federation Ministry of Finance, base prices are refined in accordance with the following procedure.

1. Enterprises selling petroleum, coal, shale, coal enrichment products, and briquettes at wholesale prices, when paying interest on the use of state credit for the replenishment of circulating capital, take the prices set in accordance with the above-mentioned edict of the president of the Russian Federation as base prices.

2. Power enterprises, which sell electric and thermal power to production consumers, take the rates established by the Federal Energy Commission formed by directive No 493-r dated 16 March 1992 of the Government of the Russian Federation as base rates.

3. Supply and sales organizations, which sell petroleum products, take—as basic gross income—the income calculated according to supply and sales increments provided for in supplement 2 to edict No 1089 dated 17 September 1992 of the President of the Russian Federation, or established by the Committee on Prices under the Russian Federation Ministry of Economics in accordance with decree No 724 dated 17 September 1992 of the Government of the Russian Federation "On State Regulation of Prices of Energy Resources and Other Types of Products and Services."

4. Enterprises, which sell kerosene, fuel, and thermal and electric energy for the population, as well as transport passengers by railroad, sea, river, and air transport, take the prices and rates in effect before 18 September 1992 as basic prices and rates with the application of the coefficients provided for in supplement 3 to edict No 1089 dated 17 September 1992 of the President of the Russian Federation, or established by the Committee on Prices under the Russian Federation Ministry of Economics in accordance with decree No 724 dated 17 September 1992 of the Government of the Russian Federation.

5. All other enterprises, irrespective of whether they consume products of the fuel and power complex (petroleum, petroleum products, coal, other fuel, and thermal and electric power), or other types of material resources, take the prices (rates) in effect at the time of receipt of credit, which were recalculated into coefficients according to the supplement to these directives, as basic prices and rates.

In this case the interest rate for the use of state credit for the replenishment of circulating capital is determined according to the following formula:

TTs X 100 - K + 10, where:

TTs

TTs—sales of output in current prices;

BTs—sales of output in base prices adopted during the conclusion of an agreement on the granting of target-oriented state credit;

K—the price (rate) rise coefficient connected with the change in the procedure for the formation of prices of petroleum, including gas condensate, as well as with the establishment of an increase in existing wholesale prices of coal, shale, coal enrichment products, and briquettes (in percent).

6. The certificate submitted to the financial body in accordance with point 8 of the Procedure for the

Granting of Target-Oriented State Credit for the Replenishment of Circulating Capital in 1992 to State Enterprises and Organizations presents a calculation of the amount of payment at the interest rate with due regard for the change in prices (rates) and, for supply-sales and trade enterprises, with due regard for the change in gross income in percent of the commodity turnover according to the formula listed in point 5 of these directives, as well as the date of the authorization for the transfer of funds to the nonbudget account of the financial body.

7. Point 5 of these directives on the application of correction coefficients to base prices does not apply to enterprises and organizations, which received credit for the replenishment of circulating capital after 1 October 1992.

Enterprises and organizations, which received credit after 1 October 1992, take the prices in effect on 1 October 1992 as base indicators and report data on the consumption fund in September 1992.

These directives must be brought to the attention of subordinate enterprises and organizations.

[Signed] *S. V. Gorbachev, Russian Federation deputy minister of finance*

**Supplement to Letter No 101 Dated 3 November 1992 of the Russian Federation Ministry of Finance**

**COEFFICIENTS of Increase in Wholesale Prices and Rates Following From Edict No 1089 Dated 17 September 1992 of the President of the Russian Federation "On State Regulation of Prices of Individual Types of Energy Resources" (in percent)**

Petroleum refining	216	Nonferrous metallurgy	110
Chemical and petrochemical	111	Machine building	109
Timber procurement	112	Building materials	116
Woodworking	110	Other sectors of industry	111
Pulp and paper	113	Construction	111
Timber chemical	112	Agriculture	106
Light	106	Transport and communication	145
Food	113	Trade, public catering, material and technical supply, and procurements	112
Ferrous metallurgy	113	Other types of activity	111

**Amendments to Statute on Closed Share Subscription During Privatization**

935D0190D Moscow ROSSIYSKIYE VESTI in Russian  
24 Dec 92 p 4

[Directive No 1143-r dated 16 December 1992 of the Russian Federation State Committee for the Management of State Property]

[Text] In connection with the received inquiries and proposals concerning the procedure for the application of the Statute on Closed Share Subscription During Privatization of State and Municipal Enterprises Russia's State Committee for the Management of State Property inserts the following amendments and supplements to directive No 308-r dated 27 July 1992 of Russia's State Committee for the Management of State Property:

1. To supplement the seventh section of the directive with point 7.5 of the following content:

"Privatization vouchers used exclusively for the purchase of objects of privatization can be purchased with the capital of the privatization fund of the privatized enterprise entered in workers' personal privatization accounts."

2. To state point 7.2 in the following wording:

"The participant in share subscription must make no less than 50 percent of his payment with privatization vouchers."

To consider point 2 of directive No 749-r dated 11 November 1992 of Russia's State Committee for the Management of State Property invalid.

3. To authorize committees for the management of property, in agreement with the working commission for enterprise privatization, to adopt decisions on holding voucher auctions in accordance with directive No 701 dated 4 November 1992 of Russia's State Committee for the Management of State Property after the registration of the joint-stock company and before the conclusion of the sale of enterprise shares by closed subscription. At the same time, the dates for holding a voucher auction are indicated in the second section of the enterprise privatization plan.

In the first clause of point 3.3 of the Statute on the Sale of Shares in the Process of Privatization approved by directive No 701-r dated 4 November 1992 of Russia's State Committee for the Management of State Property after the words "after conclusion" to add the words "or by the decision of the Committee for the Management of Property before conclusion" hereinafter, according to the text.

4. To state point 5.7.4 in the following wording:

"5.7.1. one share, or in accordance with the decision of the working commission, the number of shares, which

can be paid for by one privatization voucher, but no more than the number of shares indicated in the application."

5. In the fourth paragraph of point 5.7.2 to state the phrase "A—the number of shares, for which the participant submitted an application minus one share" in the following wording: "A—the number of shares, for which the participant submitted an application, minus the number of shares received in accordance with point 5.7.1."

[Signed] *A. B. Chubays*

**Yeltsin Edict on Privatization in Bryansk Oblast**  
*935D0194A Moscow ROSSIYSKAYA GAZETA*  
*in Russian 25 Dec 92 p 4*

[“Edict of the President of the Russian Federation ‘On Special Procedures for Privatizing Enterprises in Bryansk Oblast’”]

[Text] Taking into consideration the situation in districts of Bryansk Oblast that suffered as a result of the Chernobyl Nuclear Power Station accident and having the purpose of strengthening social protection of people living there, I hereby decree that:

1. Privatization of enterprises in Bryansk Oblast is permitted by a non-reimbursable transfer of their property to ownership by members of labor collectives and persons living in the area of designated zones of radioactive contamination (except for what is listed in Points No. 2.1 and 2.2 of the State Program for Privatization of State and Municipal Enterprises in the Russian Federation for 1992, located in populated land areas having a level of radioactive contamination higher than 15 curies per sq km, in accordance with listings of populated areas which concern zones of radioactive contamination, verified by directives of the Government of the Russian Federation dated December 28, 1991, No. 237-r, and February 25, 1992, No. 363-r).

2. The validity of the Edict of the President of the Russian Federation, dated July 7, 1992, No. 721, “On Organizational Measures to Convert State Enterprises and Voluntary Associations of State Enterprises to Joint Stock Companies” and associated statutes of the State Program for Privatization of State and Municipal Enterprises in the Russian Federation for 1992, does not extend to enterprises located in areas of Bryansk Oblast where the level of radioactive contamination is higher than 15 curies per sq km.

3. The administration of Bryansk Oblast, within a two-month period, present to the State Committee for Managing State Property of the Russian Federation, a listing of enterprises and other property that is subject to non-reimbursable transfer in accordance with this Edict.

4. The Russian Federation’s State Committee for Managing State Property, within a two-month period, develop a Statute on Procedures for Reorganizing the Listed Enterprises.

5. This Edict becomes effective in the order of precedence established by the decree of the Fifth Congress of People’s Deputies of the RSFSR, dated November 1, 1991, “On Legal Guarantees of Economic Reforms.”

[Signed] *B. Yeltsin, President, Russian Federation*  
*Moscow, Kremlin*  
*30 November 1992*  
*No. 1519*

**Amendments to Security Ministry Edict**  
*935D0194B Moscow ROSSIYSKAYA GAZETA*  
*in Russian 26 Dec 92 p 2*

[“Edict of the President of the Russian Federation ‘On Inclusion of Amendments in the Edict of the President of the Russian Federation, dated January 24, 1992, No. 42, ‘On the Establishment of the Ministry of Security of the Russian Federation.’’”]

[Text] With the goal of improving the organizational activities of the Ministry of Security of the Russian Federation, I hereby decree that:

1. The following amendments be included in the Decree of the President of the Russian Federation, dated January 24, 1992, No. 42, “On the Establishment of the Ministry of Security of the Russian Federation”: in paragraph 2, point No. 2, the words “First Deputy Minister” be changed to the words “First Deputy Minister and Chief of Staff of the Ministry.”

2. The following amendments be included in the Provisional Statute on the Ministry of Security of the Russian Federation, approved by the Edict of the President of the Russian Federation, dated January 24, 1992, No. 42, “On the Establishment of the Ministry of Security of the Russian Federation”: in paragraph 6, point No. 7, the words “First Deputy Minister” be changed to the words “First Deputy Minister and Chief of Staff of the Ministry.”

[Signed] *B. Yeltsin, President, Russian Federation*  
*Moscow, Kremlin*  
*23 December 1992*  
*No. 1575*

**Yeltsin Edict on GAZ Privatization**

*935D0194C Moscow ROSSIYSKAYA GAZETA  
in Russian 25 Dec 92 p 4*

[“Edict of the President of the Russian Federation ‘On Unique Characteristics of Privatizing the “GAZ” Production Association’”]

[Text] Based on proposals of the labor collective of the “GAZ” Production Association, and taking into consideration the special position of the association in the economy of the Russian Federation, I hereby decree that:

1. Provision be made in the privatization plan for the “GAZ” Production Association to establish a fund for stockholding employees of the FARP enterprise in the amount of 10 percent of the capital stock of the “GAZ” joint stock company.
2. “A”-type preference shares, transferred on a non-reimbursable basis to members of the labor collective of the “GAZ” joint stock company, may be converted to ordinary (voting) shares when the number of shares owned by the state does not constitute more than 25 percent of the total shares of the “GAZ” joint stock company.
3. The number of persons eligible to own shares, exercising their option of five percent of the capital stock, be expanded to include directors of production, management, and shops of the “GAZ” Production Association.
4. It be established that dividends on shares of the “GAZ” Joint Stock Company that are owned by the state will be allocated for financing “GAZ” production association social facilities that will be transferred to local government authorities during the privatization process.
5. This edict becomes effective in the order of precedence established by the decree of the Fifth Congress of People’s Deputies of the RSFSR, dated November 1, 1991, “On Legal Guarantees of Economic Reforms.”

[Signed] *B. Yeltsin, President, Russian Federation  
Moscow, Kremlin  
30 November 1992  
No. 1484*

**Spread of Mafia Examined**

*934C0642A Moscow MOSKOVSKAYA PRAVDA  
in Russian 12 Dec 92 p 2*

[Article by N. Smirnov: “Corruption: What We know about the Mafia in Russia”]

[Text] Practically nothing. Odd facts creep in, but all we can do is just guess about the scale of corruption. At meetings with journalists, detectives and employees of the MVD [Ministry of Security] answer such questions evasively. Nevertheless, what is the latest information about

mafia structures in our country? What prevents sp from fighting the mafia more successfully? To st here are several facts.

The Ministry of Security of the Russian Federal arrested the first secretary of the consular adminis of the MFA [Ministry of Foreign Affairs], who is of receiving bribes for drawing up foreign passpo

Under investigation are a number of employees of the committee for computer equipment and informa ence of the former Union Ministry of Power Engin It has been ascertained wh large amount of con equipment that was purchased abroad was sent not t structures but to numerous cooperatives.

The general director of the Moscow association Yev prom has been arrested. For taking bribes.

On 28 October a section chief of one of the administrations of the MVD [Ministry of Internal Affairs] of Russia was arrested for receiving bribes of 1 million rubles [R]. During a search of his home R805,000 was found and confiscated.

Corruption has enveloped the most diverse spheres of our life. What is its scale? Just on the basis of materials received from the security organs, since the beginning of the year 333 persons have been convicted, and, of these, 71 were employees of organs of authority and administration. At a recent briefing in the MVD of Russia data like this were made public: There are approximately 2,600 organized criminal groups in the country, and 285 of them have corrupt ties. Approximately 800 criminal cases have been instituted.

These cases are being investigated with difficulty: Every fourth group has interstate and interregional connections. About 100 groups are supported by corrupt persons in state structures. More than 500 representatives of the organs of power and administration combine their basic work with activity in commercial structures. Among them are 157 people’s deputies and 65 directors of large enterprises and institutions. For criminal and administrative transgressions of the law, charges have been filed against former managerial workers of the Savings Bank of the USSR and of the St. Petersburg mayor’s office, and against officials of Rosalmazzolot. But these data are very, very incomplete.

Corruption has struck employees of state institutions most of all. Why? There is no law on state service. No clear criteria are established by law according to which the selection of employees for organs of authority is conducted. For example, in America a specialist who joins the state service goes through a number of strict checks. From the presentation of a declaration on income to a special test on trustworthiness. Strict control is carried out there: whether state employees receive gifts in connection with their activity, what value, and for what services. The slightest abuse threatens the official with the possibility of a major scandal. The nastiest reputation is attached to a businessman or politician in the West who takes a trip

abroad at the expense of the receiving country. This seems ridiculous to us today. Our bureaucrat or deputy will never miss an opportunity to travel abroad free of charge. Indeed, bribes, it seems, are not considered to be obsolete. Therefore it is not surprising that frequently people coming to power have a very dubious past.

Chekists [security officers] emphasize that they have information that repeat offenders are now working quite officially in managerial posts. In a number of ministries, for example. Individual representatives of the deputy corps are not always distinguished for their scrupulousness. MB and MVD specialists are concerned that there is an unusual number of people in Russia whose immunity is guaranteed by law. In the United States, for example, a member of Congress is immune only in the Congress building.

Where are cases of corruption noted most? Reductions in the army, changes in its structure, and the poor material position of officers have had an effect. There are frequent cases of squandering army property. For example, proceedings have been initiated against a production association of the military-industrial complex and the former deputy commander of the Central Asian border district. A group of grafters—officers of the 10th PVO [Air Defense] Army in Archangel Oblast—also concluded its activity; it was headed by the deputy commander of the army. For bribes of R385,000, officers helped the private enterprise "Igor" to acquire building material. Four persons were arrested.

The mafia also did not overlook law enforcement organs. For closing a criminal case or carrying out the necessary decision of the court, Themis's employees receive the kinds of sums that they could not earn in their entire lives. Not everyone is able to resist temptation. Moreover, at times not very large bribes are encountered. Here is one case. The procurator for supervision of the investigation and inquiry into organs of Internal Affairs of a special group of the Moscow procuracy for combating organized crime was arrested. For R20,000 he was supposed to stop the criminal case against the director of the firm Trans-Europe, which, by the way, was itself accused of graft.

The scope of the mafia structures is perplexing. Recently, a gang was disarmed through the common efforts of the MB and the MVD. It consisted of several groups of militants who engaged in theft and robbery. About 500 persons. Firearms and knives, ammunition, modern means of radio communication, money, foreign cars, and other valuables amounting to more than, note, a half billion rubles, were confiscated from them during searches.

The fight against corruption and the examination of operational materials are being conducted by appropriate MB and MVD administrations of Russia. However, some specialists believe that their effectiveness in the current state of affairs will hardly increase. First, it is nowhere explained legislatively just what corruption is. Criminal proceedings are brought against those noted in corrupt

relations for graft and for the commitment of various crimes within the composition of organized groups. But this is not the same as corruption. Second, there is a catastrophic lack of specialists in the MB and MVD administrations. For example, in the capital administration, which is part of the GUVD [Main Administration of Internal Affairs], there are 73 persons, according to the table of organization, and there are probably another 87 employees in the okrugs. People are recruited with difficulty. Moreover, according to the estimates of the detectives themselves, in order to cope with corruption in the organs of authority of Moscow a minimum of 700 specialists is necessary. A minimum of resources and equipment also are allocated for this to the service. The question suggests itself: Is it that this is useful to someone?

A similar service in the fight against corruption in America, by the way, is independent of any departments, including independent of the police and the security services. It is maintained owing to a separate article of the budget. It is possible that this variant would be acceptable even for us: Combine the efforts of the MB and the MVD and create a single service and finance it. It is up to parliament.

Not everyone, however, shares this opinion. Some of the specialists who are engaged in the fight against corruption in the organs of authority and administrations think that this work should not be concentrated in a single department. The present structure ensures the mutual control of Ministries of Security and Internal Affairs. But this also scatters forces and means. Employees of the MB and the MVD frequently duplicate each other in their work.

In addition to all of this, the chekists and the detectives have other problems.

"The pressure on MB and MVD employees who are examining corruption matters is increasing from day to day on the part of interested parties," related A. Chernenko, the chief of the center for community relations of the Russian Federation MB. Threats of reprisals are not infrequent. In connection with this the Ministry of Security has established a personal security service. In order to physically protect workers and members of their families, and also in order to prevent the penetration of the ministry by spies.

Employees of the Ministry of Security on the average have the same pay as a bus driver. And more. There are difficulties with the formation of an agent network, and also with the legislative protection of agents from the responsibility of "imaginary collaboration." When, for example, an agent exposing who is selling state secrets abroad is compelled to participate in this crime.

The president of Russia has established a quota of officers of the reserve of the Russian Federation MB. Henceforth, working in various departments and ministries, and impeding "leaks" of state secrets outside the bounds of departments, they will receive a pay in the state security institutions. But they also will be present in certain institutions regardless of the desire of the collectives and the managers of these institutions. The number of officers of the reserve presumably will be in the neighborhood of several thousand.

Thus, what is the distinctive feature of the current mafia? It actively exploits legislative "gaps" and operates practically legally. The administration of the Ministry of Security for Volgograd Oblast intercepted an attempt to export 19 tonnes of strategic raw materials—titanium sponge—out of Russia. It was established that the cargo, valued in the tens of millions of rubles, was sent in a mail car of the association of business cooperation of the city of Solikamsk of Perm Oblast to an intermediary firm—Nord Vest—in St. Petersburg for further transshipment to Estonia. Of course, there was no authorization from customs officers. During a recent major operation MB workers prevented the export out of the country of more than 665,000 tonnes of oil and oil products and 9,400 tonnes of nonferrous and rare earth metals, more than 43,000 cubic meters of timber and lumber, medicines worth R3.5 million, radio parts, equipment, and arms. One hundred and twenty criminal cases were instituted.

Why did the increase in smuggled raw materials become possible? There is no law on state borders. Businessmen, not standing on ceremony, ship raw materials to the West by rail. There is information that criminal groups that specialize in the export of raw materials have already divided up spheres of influence. Control over the borders of the Russian Federation was tightened recently—the smugglers, after bribing local customs agents, send a large part of the cargo over country roads. They have begun to break up cargoes into smaller lots more frequently and ship them via different roads. Now, armed cargo escorts are more common. The usual routes have been partly changed. More is shipped through Belarus and Ukraine. There has been an increase in the number of attempts to transfer licensed commodities under the guise of the personal products of joint enterprises and cooperatives.

In order to ward off the increasing wave of corruption in society, specialists of law enforcement organs and state security think that it is necessary urgently to develop an overall state program to fight corruption. A complex of laws is necessary: concerning state service, state borders, and others. In addition, their adoption should be immediate and simultaneous. It is time to reform state service. To reregister nonstate economic structures, and to shift a majority of them to noncash accounts. To conduct an additional all-round check on the holding of jobs in both state and commercial services. To conduct the strictest control over the distribution of state property of the former Union. Everyone agrees that it is high time to start this work. Everyone talks about it. But when will we act on it?

#### **Increase In Financial Crimes Outlined**

934C0608A Moscow ARGUMENTY I FAKTY  
in Russian No 51-52, Dec 92 p 5

[Report by A. Dunayev, first deputy minister of internal affairs: "Theft of Hundreds of Billions—Subtly Planned Actions"]

**[Text] The past year can be confidently called the year of financial crimes. The most terrible of them are fraudulent transactions with bank documents, as a result of which the monetary-financial system of the country has found itself on the edge of an abyss. This is what was related to us by A. Dunayev, the first deputy minister of internal affairs of Russia.**

The crime-conducive situation in the banking system of Russia continues to worsen. According to the status as of 20 December 1992, the organs of internal affairs of the Russian Federation are investigating more than 170 criminal cases that were instituted on the basis of thefts of monetary resources with the use of counterfeit bank documents—credit advice notes and "Rossiya" checks.

As a result of the investigations being conducted by the MVD [Ministry of Internal Affairs], the procuracy, and the MB [Ministry of Security] of Russia, bogus credit advice notes were found in practically all of the krays and oblasts of Russia in a quantity of more than 2,500, for a total sum of more than 270 billion rubles [R].

In January-May of this year, bogus documents of this type mainly had the requisites of banks of the Chechen Republic. They constituted about two-thirds of the total number of exposed counterfeit advice notes. Other regions of the country gradually have become involved in the sphere of criminal activity. In June-October of this year, just from the requisites of banks of Stavropol'skiy Kray, 151 bogus advice notes, in the sum of R50 billion, appeared in various cities of Russia. At present, bogus payment documents removed from circulation contain requisites of the banks of Tatarstan, Perm, Kaliningrad, Novosibirsk, Chelyabinsk, Taganrog, and many other cities. In addition, the dimensions of the sums prepared for thefts are increasing continuously and already constitute far more than a billion rubles.

Thus, in Astrakhan in November of this year, an attempt was stopped to credit the current account of the joint stock enterprise ASTGAZ with R4.12 billion which came in on a credit advice note from a nonexistent small enterprise Mercury. Four persons were arrested in this episode.

By means of measures conducted by the MVD of Russia, more than R20 billion, stolen from the state and now in the accounts of commercial banks, were sequestered. Money and valuables in the sum of more than R4 billion, including personal money of more than R1 billion, were confiscated from the criminals.

On the whole, according to incomplete data, on the order of R250 billion was prevented from being stolen. One hundred and seventy organizers and perpetrators of crimes were arrested.

Nevertheless, it was not possible to prevent the grave consequences of these crimes fully. The oversaturation of the internal market with noncash means and putting counterfeit documents into circulation, together with

other negative factors, substantially complicates the stabilization of finances in the country, and it has an influence on the drop in the ruble rate of exchange with respect to other currencies.

The committing of crimes with the use of counterfeit credit advice notes has become possible as a consequence of the lack of protection of the system of interbank accounts, and the absence of proper control over their condition on the part of responsible subdivisions of the Central Bank of Russia (TsBR). The openness of the lines of communication made it possible for criminals to use all existing channels to deliver bank documents for the introduction of counterfeit advice notes: mail, telegraph, and special courier. In Perm alone, four teletype machines, whose location has not been established up to the present time, are used in making up bogus payment documents.

The refusal to use credit advice note forms that are strictly accountable was also one of the factors that created favorable conditions for the committing of crimes. The timely revelation and exposure of law-breaking is complicated by the fact that not one of the state controlling organs of Russia is bound by existing legislation, and, in a number of cases, they do not have the right to inspect banks and commercial structures.

The information that exists in the MVD and MB of the Russian Federation makes it possible to assume that the massive entry of payment documents not secured by assets into banking institutions is not accidental, but represents actions that are planned and well organized beforehand.

An appropriate question arises: When will the Central Bank of Russia finally call in real specialists in the banking business and take effective measures to protect the monetary system and, consequently, the state, from an outright collapse?

Obviously, at such time as its leadership realizes the true scale of the crime and its ultimate objectives.

#### MVD Report on Increased Crime, Corruption During November, December

934A0552A Moscow VEK in Russian  
No 18, 18-25 Dec 92 p 15

[Article by Viktor Kharlamov: "How Are Things in Russia? They Are on The Take...": "A correspondent from VEK reports from the Russian Ministry of Internal Affairs, Main Directorate for Organized Crime]

[Text] November and the beginning of December were especially "good harvest days" for many activities connected with blatant corruption. Bribery of government representatives and officials, according to available operational information, spread practically to every area of production and to other activities. A significant

number of uncovered economic crimes were committed with the direct participation of officials at different levels.

For example, in Vladimirovskiy Oblast, the General Director of the MPTKhO Joint Stock Company and his two deputies, one of whom is a deputy in the municipal council, were detained for approving a purchase and sales contract of a production facility building, after they had received a bribe of 300,000 rubles. Upon searching them, 436,000 rubles' worth of currency and valuables were found and confiscated from them. In Kursk Oblast, the director of the Kurchatovskiy Plant for Non-Standard Equipment, the director of the Kursksklad store association, and the director of the small enterprise "Leader" were detained after they had received a 600,000-ruble bribe for an illegal sale of non-standard equipment from the plant's fund account to Kazakhstan through dummy representatives. In the process of searching them, around two million rubles' worth of currency and valuables were confiscated from them, plus four Lada automobiles.

Results of investigations in a number of Russian krays and oblasts showed that a significant number of representatives of commercial organizations were encountering illegal activities on the part of government officials. Thirty-eight percent of entrepreneurs questioned stated that extortionists forced them to pay bribes. As of now, there are over 2,500 separate reported facts of bribes, and over 2,200 crimes have been listed that are tied to abuse of government positions.

As before, there is a high level of misappropriation committed by officials using their official positions. Around 130,000 people have already been caught in these activities. Precautions are being taken because embezzlement of non-ferrous metals has become more frequent. In Bashkortostan, an attempt to steal 10 tonnes of copper from the Riga Diskette firm by using licenses received on the basis of forged documents from the small enterprise "Bioresursy" was foiled. In the city of Monchegorsk, a criminal group of six persons—including two people's deputies—were detained when they tried to dispose of 850 kilograms of cobalt stolen from the "Severonikel" combine. An attempt was foiled in Magadanskiy Oblast to export to China 67 tonnes of bronze worth 13.2 million rubles, stolen from the "Magadanelektromashtorg" facility. Finally, in Yaroslavl, members of a criminal group were detained when they tried to sell, for the sum of 1.5 million rubles, the rare earth metals tantalum and indium, stolen from the Yaroslavl radio plant.

Lateness in approving measures for effective control of financial, credit, and foreign economic activities has caused numerous financial swindles, forgeries and falsifications of official documents, and an increase in illegal commercial operations, using state funds and foreign currency.

In Amurskiy Oblast, for example, the manager of the Blagoveshchensk branch of the "Bankkredit" commercial bank was arrested for criminal activities, having received large amounts of money and valuables as bribes for providing credits and extending credit deadlines to commercial organizations and private enterprises. The total bribes amounted to over 600,000 rubles. In Stavropol'sk Kray, after having received a \$1,000-bribe from the director of the "Prikumye" agro-industrial complex, the chief of the tax inspection department for the Budennovskiy District of Chernovatenko was arrested. A sum of 300,000 rubles was confiscated from him during the search.

Also exposed were bribe takers working in banking in Primorskiy Kray, and Kursk and Moscow Oblasts.

### Refugee Problem Profiled

934C0612A Moscow PRAVDA in Russian  
23 Dec 92 p 2

[Article by Lyudmila Semyonova: "Refugees: Finding Shelter"]

[Text] Novosibirsk—For the first time since the Great Patriotic War, Russia remembered the word "refugee" in 1989, after the bloody drama in Uzbekistan, when more than 20,000 Meshetian Turks arrived in the Non-Black-Earth Zone. The second wave drove nearly 90,000 victims of the Armenian-Azerbaijani conflict from their native parts. As of June 15, the Russian Federation had 315,000 officially registered refugees alone. But that figure does not include tens of thousands of people who have moved from Uzbekistan, Kazakhstan, and Kyrgyzstan. They "cannot" be counted, since they did not have Russian citizenship but were citizens of former union republics.

Following the Union's collapse, the practice of compelling Russian-speaking people living outside Russia to return to their "historic homeland" has become a policy—and almost no effort is made to hide it. According to official data, the problem of forced migration affects, to one degree or another, 25 million Russians and 4 million people members of Russia's main nationality who live outside it. It is now clear that the stream of refugees is not going to dry up soon. It is estimated that Novosibirsk Oblast alone will receive nearly 5,000 people each year. The first 2,000 have already arrived. Who and what awaits them—people from warm climes, for the most part—in cold Siberia?

Vera Kirillovna Vladykina was rousted from bed by an automatic rifle aimed at her chest.

"Give us your money fast! And your valuables! Come on, get moving!"

The youths spoke Russian with an accent, but they could curse without a stammer. Embarrassed, as if handing out alms, Vladykina held out a worn purse to one of the young men. She knew well that it contained 8,150 rubles:

She used to recount it when she was able to add 10 or 25 kopeks saved from her pension.

"Give us your gold!" The wild eyes, protruding from narcotics, malice, or greed, said more than any words.

Vladykina took her wedding ring off her finger, then retrieved a second one left by her late husband. She hadn't had time to take a last look at her home, her meager shelter—which, however, afforded all the things she needed for life—when she was kicked onto the street.

For seven days, along with other final residents of Tkvarchali, their now-orphaned mining town, she made her way along mountain passes toward Gudauby. They were found by a Russian military unit and flown to Sochi by helicopter.

She considers herself lucky. She's alive. And she finally made it to her native Bolotninskiy Rayon, which she had left for Abkhazia 30 years ago. She has a roof over her head again. And close friends next door. Twenty families from Central Asia were also lucky. Nikolay Nikolayevich Goryunov, director of the Suzdalskiy Sovkhoz in Dovolenkiy Rayon, a kind soul and keen-witted host, not only took them in on his farm and gave them work. He also sent a Kama truck to pick up the new residents and their belongings. With the newcomers' help, a sovkhoz brigade built new apartment buildings. Providing housing and amenities for each new human "nest" cost Goryunov 900,000 rubles.

But such a favorable outcome for these people's wanderings is probably the exception. Far more often, those who come from the train station or airport, if they have no relatives in the oblast, find themselves in the position of unwanted guests. Where can they be put up, what can they be fed and how, and who will pay for it? Medical exams are needed, and most often treatment as well. Previously dormant ailments have reappeared. Dysentery has been brought into the oblast. The full burden of these problems is shouldered by Lyudmila Ivanovna Osokina and her two colleagues from the labor administration. Just a few days ago, the head of the administration, A. Shinkarenko, brought back from Moscow a decree on setting up a migration service in the oblast. So far it's just a piece of paper, for which no money or offices have been allocated. But even it was almost six months in the making—for the Russian Federal Migration Service was created by edict of the Russian Federation President of July 14, 1992. On September 22, the government deigned to adopt a decree defining the structure and functions of the Federal Migration Service. One could cite two other government decrees on measures to provide assistance to refugees and people forced to move—of March 3 and October 6.

For example, the decrees provide for financial aid to refugees. But how is this worded? "Especially needy persons...are to be paid a one-time cash allowance...in the amount of the minimum wage." In rural areas, this figure is to be multiplied by two. Which of these unfortunate people are "especially needy"? Almost all of

them, especially those who have fled wars, who lack clothing and shoes and don't have a kopek to their name. There are explanations: disabled persons, families with several children, single elderly persons. And just what is a woman with two children or a family of five, in which the youngest child is over 16 years old, to do? They get a one-time benefit of 300 rubles from the oblast social protection fund. Is that too little? Of course. But nothing more can be done.

The decree on providing to refugees and people forced to emigrate long-term, interest-free repayable loans for the construction or purchase of housing, to be funded from the republic budget, contains the stipulation that a family cannot obtain a loan in excess of 200,000 rubles. Is this a joke? About the only thing you could build with that kind of money is a primitive hut. I already mentioned how much it cost Goryunov to provide apartments and other essential buildings in a village. Yet the oblast as a whole has been allocated just 777 million rubles to carry out the 1992-1995 migration program (the acceptance and provision of housing to approximately 5,000 people each year), and just 400 million rubles for interest-free loans this year and next year.

One might ask: What about compensation for the value of the housing they left behind? It was envisioned under the migration program drawn up by the Federal Migration Service's predecessor—the Russian Federation Ministry of Labor's Migration Affairs Committee. I looked over the correspondence with Azerbaijan. First there were solemn assurances. Then came cheerful invitations: Let these people come back, no one drove them off. Then the record was changed: The USSR was no longer.

There are also commercial loans. The Russian Agricultural Bank offers them at an interest rate of 80 percent. The republic budget is prepared to pay 28 percent of that amount. But even the balance is beyond the wherewithal of the refugees. At the same time, this form of lending is a convenient loophole for enrichment on the part of commercial financial structures.

Meanwhile, Novosibirsk Oblast needs labor resources! Almost every rural rayon has sent requests to the oblast migration program. For example, Vaganskiy Rayon is prepared to take in and give work to 91 families, and Krasnozerskiy Rayon, 100 families. Surely Goryunov isn't the only person who understands that experienced workers are invaluable. For example, Aleksandr Sergeyevich Betoshnin, director of the Chebulinskiy Sovkhoz in Bolotninskiy Rayon, would take in newcomers with open arms. He has five residential buildings started. If only he could finish them. The Kabinetnyy Sovkhoz in Chulymskiy Rayon would also gladly take in fellow countrymen. There, in the village of Sekty, well-built cow sheds are half-empty. There's no one to tend the animals. On one hand, the director has an agreement for finished Finnish-built homes. If he had the needed money, there would be no problem.

The government seems to understand this and has set the following terms: We will help you complete construction with preferential loans, and you make half of the apartments available to the refugees that have "attached themselves" to Moscow. It would seem a reasonable compromise. Until you see the kind of wretched conditions the Siberians themselves live in.

We're never going to solve the problem of providing new housing to Russians who have lost their homes at this rate. There is but one solution: First, the maximum preferential loan amounts for refugees and people forced to move must be increased. Second, these loans must be backed up with action. This requires a mechanism for implementing the legislative act, which for now remains just a respected piece of paper. The oblast has yet to receive from the federal budget a single ruble for providing housing to the refugees.

References to the causes and circumstances are familiar: the state budget deficit. As we know, we have a law on kray and oblast Soviets and kray and oblast administrations. This document regulates relations between territorial and federal agencies. And it envisions the following situation: If the government fails to meet its budget obligations, a Soviet can opt not to forward to the state budget funds in the amount due the territory. True, there are fears that such a step could be viewed as "partisan warfare," but this is a forced move.

Siberians need not be persuaded that there is no such thing as surplus mouths when they come with heads and hands. They understand this perfectly well.

#### Moscow Railroad Economic Woes Highlighted

934A0484A Moscow GUDOK in Russian 3 Dec 92 p 1-2

[Interview with Ivan Leontyevich Paristy, chief of the Moscow Railroad, by V. Stolyarov: "The Railroad Counts Revenues: Our Interlocutor Is the Chief of the Moscow Mainline, I. L. Paristy"; date and place not given]

[Text] This year, the Moscow Railroad's collective is steadfastly conquering all the basic planned frontiers. And October was no exception. The plan was fulfilled for shipping bituminous coal, ore, building materials, wood, bulk petroleum products and other products. The unloading of railcars has been improved, the turn-around time of local cargoes has been speeded up and idle periods have been reduced. There have been a 5-percent increase in the section traffic speed and improvement of the scheduling of passenger and freight trains. The Tariff Agreement obligation to increase wages has been covered. In other words, the capital's transport workers, despite the most difficult conditions, themselves are seemingly living well and are giving their clients an opportunity to survive.

But recently, the railroad administration suddenly seemed to turn into an agitated beehive. For nearly 10 whole days, the representatives of all the divisions, headed up by the senior administrators, one after another, were being called

"on the carpet" daily. And even though this measure was modestly called a technical and economic council, judging by the faces of the participants, it was more reminiscent of a collective bathhouse. And, as it soon turned out, there was good reason to sweat. The main question to which the divisions had to give an answer sounded extremely harsh: either we find additional revenues or the railroad will be facing unemployment. What, then, had nevertheless disturbed the mainline's stable conditions? Why was there suddenly a threat hanging over the collective's well-being?

[Stolyarov] Ivan Leontyevich, just what has befallen the railroad? What has caused the administrative alarm?

[Paristy] The present review of resources was necessary in order to avoid a panic in 1993. We entered into the fall, having as reference points plans which had been drawn up based on an analysis of the winter, spring and summer economic situations in the national economy. It was from these figures that the currently operating Tariff Agreement and the entire policy of social protection of the railroad workers were developed. However, the situation began to change abruptly. Now it is already obvious that the shock therapy did not save the sick economic system and the promised production stabilization did not occur.

The railroad economists had diagnosed the trend in the development of the illness which was common to the national economy quite accurately based on the dynamics of the shipping volumes: up to the present time, they have dropped monthly by approximately 3 percent. The new leap downward which followed by the end of the year was caused, in addition to the old (inflation and stagnation) factors, by the latest "present"—the enterprises' massive mutual debtor obligations, i.e., by an even greater breakdown of economic ties.

The results of these cataclysms have been most graphically manifested in such an indicator of ours as the freight shipping. Whereas, over a 9-month period, the decrease in shipments on the railroad amounted to 22.5 percent, in October, it fell to 32 percent and, in a number of divisions, it passed the 40-percent mark. Well, but what are the prospects for the future? Our analysis indicates that, in December, on the whole, the shipping volume may fall to 30 percent, while it may fall even more in January of next year. This means that colossal losses are inevitable.

A subject of the professional pride of the capital's railroad workers has always been the fact that we move the largest number of passengers: just the suburban area amounts, for example, to 50 percent of the entire Russian volume. However, under present-day conditions, this circumstance is more a source of grief than pride. Despite the tariff increase, suburban transport is currently yielding 6 billion [rubles] in losses and, taking the galloping inflation into consideration, the outlook is even more complicated. This is a specific feature of the capital's mainline, which the other railroads are not experiencing.

The railroad is incurring quite a few additional expenses in comparison with its neighbors both because of its size and because of the greater traffic volume (just the maintenance of the track bed, which has become more expensive, is capable of totally ruining anyone). The influence of all these factors, for understandable reasons, also became more aggravating at the end of the year.

The task of the railroad economists was complicated by the fact that it was necessary not only to cover somehow the inevitable additional losses, but also to deal with the future increase in wages, which would correspond to the next round of inflation. Needed for these purposes in the coming year, according to our calculations, will be no less than 6.5 billion rubles [R]. The collective has been faced with a tough choice: either find this amount or cut 35,000 workers.

[Stolyarov] Indeed, the situation is, as they say, not an enviable one. But, inasmuch as we have already entered into the market, then, apparently, it is high time to actually become acquainted also with its "downside"—unemployment. You are not the first. I know that some railroads have already begun an actual reduction in force.

[Paristy] If it were a matter of the market.... If, in fact, the reduction in personnel had been caused by objective economic laws. Although, in this instance, I would not be in a hurry to accept such decrees as dogma. It is still necessary to examine and to consider what is more advantageous: either scrimping on wages today or spending tomorrow to eliminate the consequences of social upheavals. In the present situation, the drop in production has been dictated most often not so much by the economic factors (are we really, like Western Europe, suffering from a glut of goods?) as by the political reshuffling (is the present crisis situation really precisely the best time for altering boundaries?).

But indeed, sooner or later, common sense will prevail (here I am an optimist) and economics will take its proper place in life. And what then: another 20-30 years or so to train personnel for the further development of transport? Thus, is it not better today not to sit on our hands, but rather, to attempt to find a compromise version of a solution to the personnel problem.

I dare say that, on the Moscow Railroad, we have found such a version, but not today, rather... about 10 years ago. The existing system is called the process of natural attrition of personnel. It essentially consists of striving steadily for economy in the use of living labor and consequently, savings in financial expenditures, but not through a mechanical reduction in working people (when necessary), but rather, through a balanced limitation when hiring new workers. Life has proven the correctness of the adopted course: over the last two 5-year

periods, the railroad has increased the volume of shipments while having decreased the number of personnel in point of fact by one-third and, at the same time, I do not recall an instance when a conscientious worker was compelled to find himself on the street.

If it were not for this developed system, even we, obviously, would have proceeded in the present crisis situation along the traditional path of mass firings. Now, just due to natural attrition and a hiring freeze, the collective has already been reduced by 6,000 people and, by the end of the year, will decrease by another 3,000.

If it is taken into consideration that the expenditures for wages for 1,000 workers per year amount to R440 million, then, as a result, we will derive a savings of around R4 billion.

[Stolyarov] If the savings in wages do not contain the costs in the basic activities, indeed, a reduction in personnel, even such a "mild" one as yours, has its limits.

[Paristyay] If our system only went this far, you would be completely correct. However, the fact is that the process of natural attrition assumes not only the vacating of jobs, but also their filling and sometimes even their complete elimination. In order to understand more fully the mechanism of the changes occurring at the same time in the labor process, let us return to the matter of wages.

Their portion in the railroad's overall expenditures is one of the most significant: approximately 40 percent. The problem here is the fact that their increase has begun to be perceived by many just as an automatic indexing based on the increase in prices. With such a mind-set, the ruble ceases to be a stimulant for increasing the gross product. A graphic illustration of this glaring contradiction is the fact that the product output volumes are actually falling while salaries everywhere are rising. How can the ruble be converted from a negative indicator of the inflation crisis into a working instrument? Or, in other words, how can one make an incentive for deriving revenues from an expenditure indicator?

There is one answer to this: through an increase in labor efficiency, which is the main goal of our system. The selection of means for achieving this, as experience shows, is quite large.

First of all, the specialists performed an analysis: does the very range of our workers' professional duties correspond to the changed economic conditions? Is it not a paradox that, with the sharp drop in the extent of loading and unloading, the cargo-handler, for example, is sitting around more and, for this, he received an increase in pay? Would it not be more appropriate for him to use the freed-up work time, let us say, for performing the duties of a freight cashier? The list of similar examples can be continued into infinity and, for all practical purposes, for all specialists, including the operating staff.

Of course, the path to wholesale mastery of related occupations is far from simple, there are quite a few psychological difficulties, old habits die hard and novelty intimidates. However, I am certain that there is a great future for the method of worker interchangeability. Recently, by the way, we sent to the line a list of specialties which, in our opinion, could painlessly be combined into a single position, i.e., take, for example, the assistant station-master with the rights of a freight and ticket cashier, the cargo-handler, the former-shoemaker, the assistant engineer-former and so on.

Experience in the economizing of labor resources based on interchangeability is already being of benefit in housing construction. Hundreds of railroad workers on the list for an apartment annually leave their primary jobs in order to help on construction. The benefit from such temporary cross-training is twofold. First, the threat of unemployment is significantly alleviated. Second, under the present-day complicated conditions, the railroad's collective is able to increase the rate of housing starts from year to year. This year, for example, we will still rent more than 130,000 square meters of living space, which is 8 percent more than in 1991, and the constant growth in housing has been going on since 1985.

One of the most important items of the railroad's system for economizing labor is the introduction of advanced technologies. Not too long ago, your newspaper wrote about the most interesting experience of routine track maintenance without capital repairs in the Moscow-Ryazan Division. Only through the rational organization of labor, including the brigade method, the integrated use of machines and the increase in technological "windows," did they manage here not only to increase by several factors labor productivity, but also to double track life without capital repairs. Consequently, the track layers more than compensated for the increase in their wages by quite a bit of economizing of materials and financial resources. However, even in this sphere, the potentials are still quite adequate.

Now, for example, we are paying the greatest attention on the railroad to the zealous use of old but still suitable materials for track repairs. Here there are still quite a few omissions.

Today, our economics service has available specially developed tables where, in the dynamics, the correspondence of the falling volumes of work to the number of workers is being tracked. Here now, like in a mirror, it is obvious: who is really earning his keep and who is sponging. And, in conformity with these objective indicators, developed systems of material incentives or corresponding penalties are already operating.

Similar control tables are also helping to convert expenditures into additional revenues in other spheres of economic activities.

[Stolyarov] I confess, Ivan Leontyevich, that, over the course of your tale, I have had a question ready to pop:

why such a necessary economic instrument as thrift seems to be unwanted, as it were, in the arsenal of the newly-emergent market businessmen. The impression is being created that they have mastered only one method for deriving profits—through the inflating of prices. But, perhaps, it is just the fact that, in an empty site, without the supply of solid economic programs which form, let us say, the basis of your system for reducing expenditures, it is not possible to expect more from the new structures. However, even the load of traditions, which was formed during the period of the cost-based economic system, evidently, is not always well-suited under the current market conditions. For example, hardly trifling were those colossal forces and assets expended at one time on the development of a system for driving trains with increased weight and length. Indeed, with the drop in the volume of shipments today, God forbid, is it likely that loads will even be sent by lightweight "carrier pigeon?"

[Paristyy] With regard to the problem of the dominance in current business of the self-taught amateurs, who do cause a lot of problems, I share your opinion completely. But, I believe that the age of the profiteering shopkeepers will not be a long one all the same.

But, with regard to the "heavyweights," I absolutely do not agree, although I have repeatedly and at various levels heard similar doubts with respect to their allegedly sinking role under current conditions. Therefore, I should state straight out and with all certainty: without the technology developed in the eighties for driving heavyweight trains, we would obviously go down the tube. In order to convince you of this, let us examine such a most important earning-potential resource as economy in energy resources.

As of October, one metric ton of diesel fuel started to cost R21,000. If it is taken into account that the railroad's annual requirement for it amounts approximately to 500,000 metric tons, then the total expenditures just for this type of power amount to around R12 billion. And this, indeed, as we well understand, is by far not the maximum: the crisis situation in the fuel and energy complex will dictate even more new price rises. It would be possible to put up with this somehow, were it not for the drop in the volume of shipments. But what can be done in the present situation? Logic suggests that, essentially, the one way out of this economic dead-end is to reduce the number of energy consumers, i.e., in our conditions—the locomotives. I would note, by the way, that nearly 40 percent of all the mainline's expenditures are currently going for the operation of the locomotive park. But how can the number of locomotives be reduced so that, at the same time, the basic activities do not suffer? You see, logic itself again leads us to the idea of loading a train as much as possible and increasing its length. There is simply nothing else. This is why the technology for operating heavy trains, which has been tested on the railroad over the course of 10 years plus, not only is not out of date, but has acquired a new lease on life today.

Just by improving it, we have managed this year to increase the weight of a train against last year's indicator and to place into storage 127 electric locomotives. In all, since the beginning of the year, 340 mainline locomotives have found themselves in storage. If it is taken into consideration that 1 hour of operation of a locomotive now costs R5,000, then it is easy to imagine the scope of the reduction in overall expenditures. And yet, this is still not all the savings. It is also necessary to add to this the saved wages of the engineers (the number of locomotive crews in recent years has decreased by 10 percent), and also the special factors (for example, the housing fund savings).

This is why, when, based on the results of the last technical and economic council on the railroad, the order went out about measures for strengthening the financial position in 1993, it was impossible not to find room in it for a section on further improvement of the technology for increasing the weight and length of the trains. In the order, in particular, mention is made of a qualitatively new stage in the history of the "heavyweights"—an absolute ban on sending out freight trains (except for combined ones) made up of fewer than 71 railcars or of less than the critical weight standard. Due to this measure, we are figuring on sending another 150 locomotives into storage.

And yet, in addition to this trend, there are, of course, also quite a few other resources for energy resource savings. For example, the current situation with the use of diesel locomotives of the non-train park does not suit us. Although, since the beginning of the year, 90 yard locomotives on the railroad have been cut, this is far from the limit, because it is not everywhere that the still remaining number corresponds to the reduced volume of railcar conversion. Taking into account the difference in operating expenditures, we are looking for opportunities to replace the diesel locomotives in yard operations with electric locomotives.

Still large is the portion of unproductive idle times for locomotives leased to track machining stations and track maintenance sections. There is no proper accounting of the efficiency of the operation of equipment attached by requests during the summer track work and during snow-clearing work.

There are quite a few unnecessary expenditures which, so we hope, we will soon manage to avoid in connection with the preparations begun on the railroad for the shift to cost recovery of lifting and transport equipment and wrecking trains.

[Stolyarov] The measures which have already been currently adopted on the railroad for strengthening the financial position are, undoubtedly, important. However, you must agree that even they may not save you, if the situation with the customers' debtor obligations remains so depressing. Although, on the other hand, the situation on the Moscow Railroad, according to the data available to me, all the same, differs sharply from that

financial quagmire into which the neighboring railroads have fallen. In analyzing the comparative data on wages, I turned my attention to a paradoxical fact. It seems that, for example, since August, the overall debtor obligations for the system increased from R40 billion to the present R110 billion. Yet, during this same period, yours decreased from R8 billion to R3 billion. Perhaps you would share the secret of why it is these debtors were so frightened of you?

[Paristy] In fact, the situation with the debts went beyond the limits of basic common sense. This year, the transport workers were forced to work for months, basically, for free.

After just a month, let us say, how much of the R3 billion our customers have still not paid us today will be eaten up by inflation? In the best instance—nearly a third of the total. And after 2 months or 3?

I will not begin now to analyze the entire set of reasons which have led the national economy into the financial crisis. I will mention only one thing, well known among the public by the proverb about the fish rotting from the head down. Tell me, is it really possible to get the ordinary customer to be accountable for debts, when the Central Bank of Russia is among the inveterate debtors? What am I talking about? Previously, 3 days normally passed for the entire banking operation for settlements between the railroad and the customers. But today, the money is allowed to "stroll around" somewhere for some 25 days! During this time, the galloping inflation is again eating away a goodly amount of our money. The Central Bank is getting solid revenues from these funds of ours: 25 days is a quite adequate time period for the "strolling" money to go, let us say, for credits to commercial banks at high interest rates. So that all the discussions about increasing financial discipline are just hot air as long as the 3-day standard for recording payments is not restored.

Just as soon as the payment shuffling began, our economic service again undertook to develop some kind of system for protection from fraudulent debtors.

First, with each difficulty in obtaining payment, we are recommending to all divisions that they boldly and firmly lean on the Railroad Charter which, in the 75th article, in the event of the non-submission of payments by a shipper, permits delaying sending the load. And why is it necessary to write the charter into retirement, if the legislators delay in adopting new basic documents?

The second important element of our protective mechanism are the "round tables" which have begun to be held regularly in the railroad's administration, to which are invited the senior managers of the large industrial enterprises—the steady customers. Such meetings are also being concluded with the signing of mutual obligations between the railroad and each of the partners, wherein are clearly stated the deadlines for paying off debtor obligations. Sometimes, taking into account the size of the sum and the overall tension with finances, we agree

to a gradual payment of the debt, but in every instance of repeated violations, we instantly stop the sending of the loads and quickly make the divisions responsible for this.

The third link in the system of the struggle for the repayment of debts, perhaps, may be considered to be the trilateral agreements worked out at the railroad on mutual settlements for shipped loads. Their essence is more easily revealed using a specific example.

Let us say that, at this table, three senior managers have met: the Moscow Railroad, the Mikhaylovskiy Ore-Dressing Combine and the Nizhniy Tagil Metallurgical Combine. There are quite a few claims against one another. The metallurgists, for example, owe the transport workers rails. They themselves are experiencing interruptions in the delivery of ore. Because of this, correspondingly, a vicious circle of mutual financial obligations developed. How, then, if it cannot be broken once and for all, can at least one of the defective links be pulled out? Without going into detail, there is an idea which seems quite simple. In conformity with the trilateral agreement, now the transport workers will deal only with the ore-dressing combine on all financial payments. The metallurgists will cover their obligations for the ore with finished rails. And the rails themselves will become a unique form of hard currency in the railroad's settlements with the miners. I.e., thus, we eliminate, as it were, one of the three large banking bridges between the transport workers and their customers. The effect of such a reorganization, as we expect, will be not only an improvement in the deliveries of rails, but also savings due to the lessening of the inflation factor which we have already mentioned: now, at least, there will be an end to what is for the railroad the unprofitable "strolling" of money along one of the three banking channels. A whole series of our steady partners have already consented to sign such trilateral agreements.

[Stolyarov] Taking the opportunity of the very theme of our conversation, I cannot help asking a "provocative" questions about an event which is currently on the lips of all the railroad workers and the passengers. I am talking about the establishment on the Moscow Railroad of a special battalion for maintaining law and order. How is it this I. Paristy, who, I am convinced, knows how to pinch a penny, has suddenly gone to such an expense?

[Paristy] A decision was made, of course, but not "suddenly." I will not begin to list the colossal losses which the entire collective is bearing today from the rampage of crime and vandalism. It is more dreadful, in my opinion, that, because of the criminal morass, people are losing hope for tomorrow. And how can one live, work and make plans without hope? What is the use in the end of economizing, if it turns out that the health and, frequently, the very lives of the railroad workers and passengers are threatened? It is indeed for this very reason that we are pinching pennies in order to protect the people as much as possible from social adversities, of

which there are still quite a few on long-suffering Russia's path to its own better fate.

### Nuclear-Powered, Submersible Transport Vessels Planned

*934A0524A St. Petersburg SUDOSTROYENIYE in Russian No 1, Jan 92 pp 3-7*

[Article by B. F. Dronov, V. V. Chermousov, A. M. Antonov, F. F. Kurgin and D. D. Dvornikov: "Nuclear-Powered Transport Ships for the Arctic"]

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[Text] The St. Petersburg Malakhit Maritime Bureau of Machine Building has drawn up technical proposals for designs for nuclear-powered underwater transport devices for regular transarctic conveyance—container ships and tankers. The main premises for performing the work were the following:

- the need to develop the shortest possible transport route between Europe and Asia, crossing the North Arctic Ocean and providing regular year-round transport, and the considerable difficulties of solving this problem with only traditional devices for piloting ships with ice-breaking support;
- the accumulation of experience in under-ice sailing of nuclear-powered submarines;
- the striving to find an efficient solution to the problem of converting a number of shipbuilding enterprises and organizations, with maximum retention of the design, technological and production work in progress and the experience accumulated when developing an underwater fleet, as well as of personnel.

On the basis of these premises, a wide-scale, multi-variant design search was carried out, as the result of which it was acknowledged most efficient to develop specialized ships. In forming the design concepts, the following requirements and limitations, which the variants developed had to satisfy, were worked out:

- achievement of maximum cargo capacity, given the restriction of the main dimensions;
- ensurance of unlimited sailing under the ice, at a maximum speed of at least 20 knots;
- ensurance of a level of ecological safety complying with the MARPOL 73/78 requirements of the International Convention for Pollution Prevention;
- the possibility of construction at existing shipyards;
- ensurance of passage under the ice in a shallow area, particularly in the Bering Straits;
- entry into the ports of destination with a nuclear-powered unit;

—ensurance of navigation devices to sail under ice in high latitudes.

The basic design approaches, determining the appearance of the underwater transport ship and its shipbuilding and technical-economic elements were formed on the basis of these requirements. The proposed exterior appearance of the underwater container ship and tanker is shown in figs. 1, 2 and 3. The design approaches for the underwater container ship and tanker were selected on the basis of a unified concept: the architectural type, contour of the ship, main dimensions, main and auxiliary power units, building materials, movement control devices, navigation devices, sonar technology and communication, living and working accommodations and means of ensuring the habitability were assumed to be identical, based on the existing technical devices, equipment and materials.

The architectural type adopted was primarily single-hull, without a superstructure, with double-hull sections in the bow and stern sections. The single-hull structure, under the conditions of Arctic sailing, is the most suitable from the standpoint of ensuring the damage resistance of the hull. The main dimensions were determined as the result of optimization calculations which took into consideration the maximum possible cargo capacity while ensuring a cruising speed of about 20 knots under the conditions of year-round voyages in the Arctic regions and safe maneuvering under the ice, and also at low speeds in shallow areas.

The cross sections in the central, most extended part, are formed as an ellipse 20.0 m high and 26.6 m wide. The form of the ellipse is the most advantageous from the standpoint of container arrangement and the necessary volume of the flooding and compensating tanks.

The pressure hull in the bow and stern sections is cylindrical in shape.

A single-shaft, nuclear-powered unit with a shaft power of about 38,000 kW has been adopted, in order to have an unlimited cruising range under ice at a speed of at least 20 knots. The nuclear-powered unit will be equipped with the devices necessary to ensure its operational safety while fulfilling the existing requirements for nuclear safety and requirements for ecological environmental protection. For this purpose, in particular, the use of highly developed additional biological protection around the reactor monoblock is specified; the monoblock itself is placed in a strong, tight envelope, providing for highly efficient means of damping the nuclear reactor in case of emergency, a system has been installed to remove residual heat emissions from the active zone of the reactor during cooldown, and other modern measures have been taken to guarantee its safe operation.

To enter ports, maneuver in a harbor and provide for general ship needs, an auxiliary diesel-generator unit has been specified, which includes three 1,500 kW power diesel-generators, each with a 200-tonne fuel reserve, calculated for 10 days work of the units. A 2,000-kW

electric propulsion motor will be installed to ensure movement by the diesel-generators on the main shaft line.

The two diesel generators can be fitted out with equipment to operate in a closed cycle. An emergency 30-tonne reserve of oxygen is specified for this, to ensure the movement of the transport ships underwater for 20 hours at a speed of 7-8 knots. The diesel-generator unit is placed in compartment I, which increases the ship's survivability in various electrical propulsion unit emergencies.

To ensure maneuvering and sailing in surface and underwater situations when the main shaft line is not working, reserve movement devices will be used, with submersible electric motors and water-jet propulsors, located in the stern and bow sections of the hull in such a way as to implement the movement of the ship on both the horizontal and vertical planes.

Ships of both types are equipped with modern complexes of devices for observation, navigation and communications. The specified navigation devices will ensure fulfillment of the requirements for marine ship navigation, developed by international maritime organizations, and guarantee sailing safety in high latitudes. The sonar complex ensures safe underwater sailing at all speeds; in particular, its complement specifies sonar navigational obstacle detection stations. The situation is monitored when sailing on the surface by a radar complex. Data on under-ice conditions and the presence of air holes and pools of open water in the ice are provided by a television complex.

These ships are equipped with radiocommunication devices in accordance with the Rules of the Register and the requirements of the Global Marine System of Radiocommunications During Disasters and To Ensure Safety. The crew members will be accommodated in comfortable single-berth cabins. Specified for them are: a messroom, a dining room, lounge, recreation zone with facilities for sports and aquatic activities, a library, facilities for personal pursuits and leisure time, medical facilities, including a surgery, hospital, etc.

To save the crew in an emergency, the possibility of emergency resurfacing is provided for, including resurfacing by breaking through the ice, and there is also self-powered underwater rescue equipment.

The unsinkability of the ship is ensured during an emergency on the surface by the flooding of any one compartment.

A brief list of the specifications of each of the underwater transport ships is given below.

#### **Basic Elements of an Underwater Container Ship**

Normal displacement, m <sup>3</sup> .....	78,800
Full underwater displacement, m <sup>3</sup> .....	92,000
Overall length (without screw propeller), m.....	238.0
Width of hull, m.....	26.8
Height of hull, m.....	20.2

Maximum floatability reserve, m <sup>3</sup> (%).....	26,700/33.8
Power of power units, kW .....	about 38,000
Operating speed, knots.....	20
Speed when running on electric motor, knots .....	7-8
Operational depth of submersion, m.....	100
Container capacity (estimated for 6.1-meter), units.....	912
Maximum cargo capacity, tonnes.....	29,400
Minimum cargo draft, m .....	12.8
Maximum cargo draft, m.....	16.5
Light draft, m .....	10.5
Cruising capacity, days .....	50
Number of crew, persons .....	35

A diagram of the general layout of the underwater container carrier is shown in Fig. 4. The pressure hull is divided into 11 compartments by between-compartment bulkheads. The radioelectronic equipment, automated control systems for the technical devices and equipment for general ship ventilation and hydraulics systems are placed in compartment I, on the upper deck. Deck II has two electric power plants placed along the side, which include the main distributor panels and electric power transformers and ventilation and air conditioning systems. The diesel-generator units are located on deck III. Storage batteries are installed in the hold, in a sealed compartment.

The living quarters are in compartment II. In the upper part, along the side, are passageways with a section of the cargo system to perform loading operations, and on the pressure hull bulkhead—two cargo winches. The upper deck and deck II house the main ship control post, the chartroom and radiocommunications room, the radioelectronics equipment and the service facilities. The living and everyday facilities, provisions, etc. are located on decks III and IV. The ship ballasting systems, refrigeration machines and electric compressor plants are located on deck VII and in the hold. The cargo compartments are installed in compartments from III to VIII. They hold the containers, with an intracompartmental cargo transport system, located in the top part of the compartments. Along the side and in the lower part are the tanks: flooding-compensating, adjusting and stabilizing. A passageway is provided across the cargo compartments from the bow to the stern of the boat.

The power units are located in compartments IX and X. There is no space for people to stay in them permanently. Stern compartment XI houses the electric propulsion engine, refrigeration machinery, and stern group of hydraulic systems.

A mixed vertical-horizontal system of cargo processing is proposed for the container ship. The containers are fed by shore loading devices to four special cargo platforms, located in the bow and stern of the cargo compartments, which are closed by shutters when the ship is sailing. The dimensions of the cargo platforms make it possible to place two 6.1 m containers on each one. The containers

are then delivered through the cargo hatches to their installation sites by the ship's own crane equipment.

The loading-unloading system for interior transport consists of four mobile rail sub-deck rotary container cranes with a telescopic cargo boom, and cross loaders, placed by twos in each cargo compartment. These and the others are equipped with lifting tongs—spreaders.

The sequence of cargo operations is as follows. The telescopic boom of the crane moves out to the cargo platform over the cargo winches, and the container is gripped by the spreader and moved inside the hull. The crane, moving along the rails over the cargo compartments, transports the container to its place. To install the container in its place, which is located on the side opposite to the rail tracks of the crane, the crane boom turns at an angle of 90°, the spreader moves along the boom crosswise to the ship hull and then drops the container into place. Only four such cranes (two bow and two stern) are specified, and they serve their own cargo space. Cross loaders will install the upper central row of containers by grabbing the containers from the axis of the course of the container crane.

The main control post will monitor and generally control the cargo processing. According to preliminary estimates, it will take 30 working hours to load a container ship and, accordingly, to unload it.

The underwater tanker is designed to transport petroleum and petroleum products (up to four varieties at the same time) from the coastal and maritime deposits of the Arctic and to unload in any sequence in various ports. The diagram of the general layout of the tanker is shown in Fig. 5. The main dimensions of this ship are the same as for the underwater container ships, and its maximum cargo capacity is 30,000 tonnes.

The petroleum is to be transported from the regions of the Yamal and Taymyr peninsulas to Murmansk, Vladivostok and the ports of Western Europe and Japan; it is also possible to organize the transport of petroleum by charter from the marine oil deposits of the Canadian Arctic Archipelago and Alaska.

In consideration of the growing requirements for ships to avoid oil pollution of the World Ocean when a hull is damaged, particular attention is being paid to the structural formation of the cargo tanks. The entire cargo part of the ship is placed in the inner cylindrical hull, with a curved section 17.1 m in diameter, from the outside of which, along its entire perimeter, there are flooding-compensating tanks, the outer shell of which is the pressure hull and is calculated for the maximum depth of submersion.

The presence of a double hull reduces to the maximum the risk of the cargo being spilled out when the outer plating is damaged, and the latter event is, moreover, in itself very unlikely. In addition, the double hull fully ensures the immiscibility of the cargo being transported and the ballast water, and good heat-insulation as well.

The framing of the interior cylindrical hull is installed from outside, which ensures good conditions for washing the cargo tanks.

The tanker differs from the container carrier in certain ways. For example, there is a separate compartment of cargo pumps 4 m long at the stern bulkhead of compartment VIII in the central section. On decks I and II there is a control post for the cargo operations and automated equipment. The equipment for the fire-prevention system is on deck III, and the stripper pumps, fuel purification apparatus and cargo system accessories are on decks IV and V.

The tanker's cargo system ensures rapid receiving and issuing of liquid cargo, with total use of the internal cargo and stripper pumps. It is carried out according to a linear scheme, with four main lines, and ensures simultaneous receiving or issuing of four types of cargo with its own pumps pumping it from some tanks to others, accepting and pumping out its water ballast, and transferring water or crude oil to the washing machines. The cargo system is handled by four electric pumps with a capacity of 1,000 m<sup>3</sup>/hr.

In the surface position, an underwater tanker is loaded on the same principle as an ordinary tanker. The use of a special device, ensuring the underwater loading of a tanker from bottom terminals in several variants, is still specified. With one of them, the tanker approaches the terminal, guided by means of its own and stationary sonar devices. Next, by means of a stabilization system and a lateral thrust unit, the tanker moors at the terminal and a special docking device connects the cargo pipeline of the terminal with the tanker's cargo collector system.

Nuclear-powered underwater container ships and tankers can be built at the Zaliv shipyard or at the Severnyy Machine Building Enterprise.

The key question in developing underwater transport devices is their technical-economic efficiency. Preliminary estimates made in conjunction with the Central Scientific-Research Institute of the Maritime Fleet considered the criterion of the input-output ratio to be the cost of transporting a tonne of cargo. Given equal cargo capacity, the efficiency of an underwater container ship is considerably higher, for example, than that of an icebreaker transport ship of the Norilsk type (design SA-15). The underwater tanker is competitive.

It appears that the problem of transport mastery of the Arctic and the Europe-Asia transport cargo flow should be solved as a complex of all possible ways: a surface fleet with icebreaking support, underwater transport ships and also (for transit) surface container ships traveling the southern route through the Suez Canal.

It also appears that, with the development of Arctic deposits of oil and gas, underwater tankers will also come into widespread use.

The Commission of the USSR Academy of Sciences for Problems of Transport, chaired by Academician N. S. Solomenko, at an expanded session on 13 October 1990 discussed the materials of the developments of underwater transport devices for the Arctic, approved them and recommended that complete technical-economic substantiation be made, including the further stages of designing underwater transport devices for the Arctic, on the basis of the coastal infrastructures.

The St. Petersburg Malakhit Maritime Bureau of Machine Building is planning to continue work on creating underwater container ships and tankers.

#### Graphics Captions

Fig. 1. A Depiction of a Nuclear-Powered Underwater Container Ship with a Cargo Capacity of 29,400 tonnes at a Mooring Wall During Cargo Operations

Fig. 2. Model of a Nuclear-Powered Container Ship with a Container Capacity of 912 Units

Fig. 3. Depiction of a Nuclear-Powered Underwater Tanker with a Cargo Capacity of 30,000 tonnes

Fig. 4. Diagram of the General Layout and Cross Sections of a Nuclear-Powered Underwater Container Ship with a Cargo Capacity of 29,400 Tonnes

Key: I—compartment for auxiliary mechanisms and radioelectronic equipment; II—living quarters and control compartment; III-VIII—cargo compartments; IX—reactor compartment; X—turbine compartment; XI—stern (electrical engineering) compartment;

1—sonar antenna; 2—underwater rescue apparatus; 3—cargo winches; 4—entry hatch; 5—fairwater [conning tower superstructure]; 6—cross loaders; 7—container; 8—nuclear reactor; 9—steam turbine; 10—shafting; 11—vertical stabilizer; 12—vertical, steering rudder; 13—screw propeller; 14—cargo platforms; 15—cargo cranes; 16—horizontal stabilizer; 17—horizontal, diving rudder; 18—bow group of main ballast tanks; 19—wheelhouse; 20—stern group of main ballast tanks; 21—flooding-compensating tanks; 22—storage battery pit; 23—living and everyday facilities; 24—hydraulic station

Fig. 5. Diagram of the General Layout and Cross Sections of a Nuclear-Powered Underwater Tanker with a Cargo Capacity of 30,000 Tonnes

Key: Designations the same as in Fig. 4, with the exception: 3—cargo tanks; 6—pump room; 7, 14, 15—eliminated

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#### Shipyard Activities Highlighted

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in Russian No 1, Jan 92 pp 36-39

[Report prepared by A. N. Khaustov: "At the Shipyards"]

[Text]

#### Severnoye Planning-Design Bureau

More than 450 merchant and navy ships for various purposes have been built according to designs worked out by the specialists of this design bureau, which is located in St. Petersburg. The ships are distinguished by good seaworthiness, reliability and economy, and have been exported to a number of countries. The Bureau is designing container ships, dry cargo ships, chemical carriers, scientific-research and refrigerator ships, fishing trawlers and passenger ships, including those with a small waterplane area, and a number of others. Among the designs created is an environmental protection patrol ship for ecological monitoring of the aquatic environment and sea bottom, for example, of the 200-mile economic zone, territorial waters, marine communications and the continental shelf. The basic elements and specifications of this ship are: Registry Class—KM "star" L21A2, overall length 103 m, overall width 14 m, draft 4.16 m, light-load/full-load displacement 1,900 t/2,550 t, speed 30 knots, cruising range 8,500 miles, main power unit—diesel-gas turbine, cruising capacity 30 days.

#### Khabarovsk Yard imeni S. M. Kirov

One of last year's orders was the medium-sized fishing ship, Iosif Yudman. This is the first ship of a new series, which can be used to catch fish and also crab and shrimp. Special fishing equipment has been installed for this. The ship has supplemented the fleet of the Maritime Kray Fishing Kolkhoz Union. A scientific-research ship, the Keri, was also built for the Riga Morinzhenergogeologiya Association. This diesel ship is intended mainly for research in the Baltic Sea.

#### Nikolayevskiy-na-Amur Shipyard

The yard is building fishing seiners for the fishermen of the Far East. New buyers appeared recently—the oil industry workers of Sakhalin. The ship builders will take part in building marine drilling rigs and will supply module units for these structures. The appropriate production capacities are being developed for this purpose. To improve business relations with the enterprises in the region, the yard has entered an Association of Shipbuilding, Ship Repair and Machine Building Enterprises, which has been formed in the Far East and is centered at Khabarovsk.

### **Sevastopol Marine Yard imeni S. Ordzhonikidze Production Association**

B. D. Lisitskiy, pipe bender brigade leader, was the first worker in the association to become a full holder of the Order of Labor Glory. In accordance with the Edict of the President of the USSR of 22 July 1991, his name will appear among a large group of shipyard workers who have been awarded state prizes. Boris Dmitriyevich was awarded the Order of Labor Glory of the 1st Rank. This is truly a reward for his work. B. D. Lisitskiy has devoted more than 30 years to Sevmorzavod. Upon graduating from Factory-Plant School, he went to the shop in June 1960 and has been faithful to his yard ever since. Boris Dmitriyevich knows his profession to perfection and has also mastered the related specialties of electric welder, flame-cutting operator and telpher operator, and has studied methods of working with a digitally controlled machine tool. For over 20 years he has been successfully leading a brigade of pipebenders, taking an active part in efficiency activity and training young workers. His conscientious attitude toward his job and his skill have been appreciated at their true value—in 1975 and 1983, by the orders of Labor Glory of the 3d and 2d Rank. And now there is a new honor of merit.

### **Kherson Shipbuilding Production Association**

Last May the Ministry of the Shipbuilding Industry held an International Symposium, Rynok-91, at the KhSPO [Kherson Shipbuilding Production Association] base, with the directors of the country's major shipyards, shipping companies and a number of foreign firms taking part. Reports were given at the symposium on the situation on the foreign ship and ship equipment market, prediction of the development of shipbuilding, questions of automating the drawing up of planning-design documents and problems of planning and management. The potentials of the enterprises and the special features of conversion were analyzed.

It was not by chance that Kherson was chosen as the site for this meeting. The KhSPO has supplied more than a few dry cargo ships, tankers and floating docks, and have a great deal of experience in international cooperation. The yard's success in this sphere was commended by the honorary "Zolotoy Merkuriy" prize. One of the export orders is the tanker Mag, equipped with double sides and a double bottom. The basic statistics of ships of this type are: dimensions 178.96(165) X 25.3 X 18 m, draft along the summer load mark 11.35 m, corresponding deadweight 28,540 tonnes, total volume of 14 cargo tanks 38,000 m<sup>3</sup>, volume of the two sedimentation tanks 1,270 m<sup>3</sup>, volume of insulated ballast tanks 11,200 m<sup>3</sup>, main engine—a 7,950 kW diesel with 111 rpm, speed—about 14.6 knots. The yard's foreign trade firm, Khersonsudoproekt, is presently in active operation. The symposium participants familiarized themselves with the organization of the association's shipbuilding production facilities.

### **Admiralteyskiye Verfi Association**

The expansion of the work collective's rights and the greater independence of the shops and departments, with a simultaneous increase in the administration's responsibility for the results of the economic activity, even under the conditions of an extremely unstable economy and production conversion, made it possible for LAO to achieve positive results. The results of the first half of 1991 were: contractual obligations were 100 percent fulfilled, the civilian product output was increased by over 35 percent, and about 3 million rubles [R] of above-plan profit was obtained. As a result, it was possible to direct additional capital toward the consumption fund and to make a transfer to the personal account of each Admiralty worker, in proportion to his contribution to the end results. This capital amounted to over R2.3 million.

A personal account is one in which the part of the profit that becomes the personal property of each Admiralty worker is accumulated. The introduction of accounts of this type should obviously change production relations in the collective. The association's workers will participate directly in the redistribution of profit, will obtain dividends for their share of the accumulation fund and will as a result become owners of part of the production funds.

### **Avrora Scientific Production Association**

This sectorial association will produce an automated ship equipment system to control the main engines, power units, steering gear, cargo devices, etc. These systems are used, for example, on nuclear-powered ice-breakers, dry cargo ships, container ships, surface-effect vessels and deep-water equipment.

A dynamic stabilization system has been developed for SDS-280 drilling ships. It is designed to keep the ship at the assigned point for carrying out technological work, forming the well, and repeated entry of the drilling tool into the well. The ship-holding precision (depending on the degree of existing disturbances and the chosen working conditions) is: for position—1.2-6 percent of the depth under the keel; for course—0.5-6 degrees. The disturbance limits are: wind (gust)—23 (32) m/sec, current—1 m/sec, wave height (3 percent)—7 m. Provision is made for the possibility of turning the ship at maximum speed and maintaining position when the disturbing forces change direction. Modifications of the system developed can be installed on diving, fire, geological-prospecting and salvage and rescue ships and on floating drilling rigs.

### **Zaliv Shipyard imeni B. Ye. Butoma**

In accordance with a contract concluded with the Norwegian firm "Total Transportation System" (TTS), in 1992 [sic], the supply and installation of a mechanized line, a special transport system and a dock elevator specified. The completely mechanized line, with two operating conditions, has a yearly productivity of up to 30,000 tonnes of finished panels and three-dimensional sections with maximum dimensions of 18 X 24 m and a weight of up to 320 tonnes. There are

32-42 persons per shift working on the line, and 13 stations (plus 3 stations for finishing and turning over the sections). Among the line units are gas-cutting machines, a machine tool to prepare the edges of sheets and the shapes for welding, and mechanisms to install both longitudinal and cross framing up to 2.8 m high. The dock complex is equipped with a transport system and dock elevator capable of moving large, completely outfitted and painted blocks weighing up to 2,000 tonnes, from the pre-dock platform to the dry dock. The cost of the equipment alone is about \$15.5 million.

A contract amounting to about \$1.6 million has been concluded with the Muelhan firm (Germany) for the supply of highly-mechanized cleaning and painting equipment, lighting and ventilation systems and special work clothes for painters and shot blasting workers.

Operating the new equipment requires the service personnel to have the appropriate qualifications. There is therefore an agreement with foreign firms on the direction for training and certification of the assembling-welding, dock and painting shop workers.

#### Soyuzproektverf GSPI [State Union Planning Institute]

One of the directions of this institute's activity is to draw up the design documentation to rebuild and re-equip existing enterprises. In this case, it specifies the introduction of the most efficient technology and equipment. The major rebuilding and re-equipping projects relate to ship assembly production, shops and sections of the Severnaya Verf Shipyard, the machine installation and painting and insulating work of the Baltiyskiy Zavod Production Association, the shop for reinforced concrete shipbuilding of the Svirskiy Shipyard, the electroplating production of LAO, the machine-assembly shop of the Znamya Oktjabr Production Association, and others. According to the projects worked out by the institute, the shops and facilities of types of production such as electric installation, instrument building, machine building, heat-preparation (casting, forging and thermal) and woodworking are to be rebuilt, as well as the shops producing various consumer goods and the warehouse service. The approaches included in the project ensure the utilization of liquid, gas and solid wastes, a 25-35 percent increase in labor productivity, a 20-30 percent reduction in labor-intensiveness and shipbuilding time and a 25 percent lowering of the level of manual labor.

#### Severnaya Verf Shipyard

Over 30,000 dishwashers of various types were produced by the new Shop No 2, which was especially designed to produce consumer goods. Yugoslavian and Italian firms supplied specialized equipment to outfit it. About \$12 million were allotted from the Union budget to develop this production. The very new technology now makes it possible to save material and have an output of competitive products. Other items that the population needs, the production of which increases each year, are also in high demand. The appropriate planning developments are

being carried out by specialists of the TNP department. One of the most promising projects is the construction of a shop to produce marine sail-motor yachts.

#### Kaluga Turbine Plant Production Association

This association, which designs and manufactures low-and medium-powered turbines, including those for shipbuilding, marked its 45th anniversary last year. The plant founding day is considered to be 9 July 1946. The first turbine, with 300 kW power, was produced four years later. By 1960, production began on a series of condensing turbines with a power of from 1.5 to 12 MW, with power-and-heating and process steam bleeding. In 1961, gas turbine output began, and next year the production of turbines with up to 25 MW power was developed. Brigade labor organization began to be introduced in 1969, with payment for the end results of the work. The successful experiment in the new form of labor organization was then distributed through the organization of sectorial and all-union seminars at the plant base. In 1979, the Kaluga Turbine Plant Production Association was created. The enterprise was awarded the orders of the Red Banner of Labor (1970) and of Lenin (1985).

Condensation steam turbines with from 6 to 25 MW power, turbines with backpressure (2.5-12 MW) and drive turbines (1.2-17 MW) are now being produced. Items with the KTZ [Kaluga Turbine Plant] brand are being supplied to a number of countries.

#### Zapadnoye Planning-Design Bureau

The specialists of this planning-design bureau have drawn up the design for a Diana floating dock-base to support the operation of underwater excursion equipment of the Neptun type. The dock-base implements the delivery of one or two pieces of equipment to the operations area and performance of technical service work on the apparatus, including docking, charging the storage batteries for 5-6 hours and filling tanks with compressed air (for 5 hours). The dock-base has a diving complex and a specially equipped launch to carry out measures to ensure the safe operation of the apparatus. There are also comfortable facilities to accommodate their crews and service personnel (a total of 25 persons).

The structure and material of the dock-base part of the complex conform to the requirements of the Maritime Ship Register. All the electric power needs are satisfied by an 800 kW electric power plant; a 100 kW emergency diesel generator is also provided. The basic elements and specifications of the dock-base are: overall length and width, 85.2 and 13.8 m, length and width of the pontoon deck 64.8 and 5.8 m, height to the top deck and greatest height 8 and 17.1 m, designed draft with the two sets of apparatus—about 2.6 m, draft when receiving them, 6.6 m.

#### Baltiyskiy Zavod Production Association

An order received by the Baltiyskiy Shipyard workers last year should obviously be considered as an unusual

one. On 5 April, at the covered shipway, the keel was laid for a floating restaurant in the form of a sailing ship named the Kronverk. (A restaurant of the same name, re-fitted from a schooner, had operated in the vicinity of the Petropavlovskiy Fort for a long time until it was written off.) The new restaurant was designed by specialists of the TsNIIMF [Central Scientific Research Institute of the Maritime Fleet] especially for this purpose. The clearance length of the Kronverk is 62.75 m, overall length 52.3 m and along the load line—47.76 m; overall beam 11.1, along the load line—10.5 m; board depth 4.9 m; displacement with a 3.55 m draft is 1,257 tonnes. Number of seats: in the restaurant—108, in the bars—28 in the bow, 30 in the stern and 90 in the summer. The hull, with plating made of 14-millimeter steel, is calculated for approximately 30 years of operation. The designed cost of the restaurant is about R3.7 million. It is assumed that the entire outlay will be recovered in two or three years. The new Kronverk was developed on the basis of a contract on the joint activity of the municipal public catering administration, the Baltiyskiy Zavod Production Association and the Nevskaya Perspektiva Association. A considerable part of the revenue, including currency, from operating the floating restaurant will go to the Baltiyskiy Zavod Production Association account.

#### **Shipyard imeni Lenin Komsomol Production Association**

The contract system worked out in the association is aimed at increasing the responsibility and output of the production directors. The contracts, for a period of from one to five years, are concluded with the deputy directors and chief engineer and the shop and department directors. The contracts specify the specific rights and duties of the parties. If the conditions adopted are not fulfilled, the contract can be canceled ahead of schedule.

#### **Zavod Krasnoye Sormovo Production Association**

A packet of applied programs for personal computers based on a standard system of wages was first introduced in Shop SK-3. For this purpose, a temporary creative collective was set up on the basis of the Bureau of Automated Labor and UOTiZ. The workers of the shop, OASPU and main accounting office also joined it. The results of introducing this system showed its high efficiency: the period of processing documents to add the wages of the pieceworkers was reduced, the efficiency and accuracy of the information was increased and the labor-intensiveness of processing the documents was lessened, as was the turnover time and volume of payment documents. On the basis of the experience obtained in the computerized standard system of wages, it was decided to spread it to the hull and machine building shops of the production facilities.

#### **Dalzavod Production Association**

Last July the association approved the "Provisional Statute on the Procedure for Granting a Loan to Yard

Workers To Build Housing, Summer Cottages, and To Acquire Expensive Property." The loan (credit), in the amount of up to R20,000, with a pay-off period over 25 years, is issued for private housing construction, when workers who have worked at the yard for at least five years have entered housing-construction and a housing cooperative, on the recommendation of the work collective. To construct a summer cottage and improve the garden section, the loan can be up to R5,000 and be paid off over 10 years, and to purchase expensive property, up to R10,000 is allotted (for 8 years). The loan can be paid off starting from the third year after it is obtained, at 6 percent per annum. In case a worker is dismissed without valid cause, for violating labor discipline, the debt should be paid off ahead of schedule.

#### **Khabarovsk Shipyard**

The yard's consumer goods output volume increases every year. Krym motor boats, Natasha sofa-beds, Lipas suites of furniture for lobbies, easy chairs, and kitchen fittings—all these are in steady demand from buyers. New items are also being developed. Anyuta, Bagulnik and Araliya are the names of furniture models which will be able to satisfy the most exacting tastes. The development of modern pleasure-boat production is also a promising trend.

#### **Sosnovskiy Shipyard**

The Yard's Bureau of Sociological Research conducted a survey at the beginning of last year on very important problems of socio-economic development for the next five-year period. Over 400 persons took part in the poll—mainly skilled engineering and technical personnel and employees who had a long period of service at the yard. To all appearances, this is the reason for the fact that 73.4 percent of those polled were satisfied with their work, and 78 percent were interested in raising their productivity. Only 11 percent of the workers who answered the questions in the survey were satisfied with their wages, however, and only 33 percent with the organization and conditions of their work. The priorities for development of the social sphere (not counting the primary one—provision with housing) were distributed as follows: improving work conditions and modernizing the work places, expanding the service department, building sports structures, organizing centers for youth and family leisure. As for currency, the main thing, in the opinion of those polled, is the need to make expenditures to acquire catering products. After that follows: outfitting with modern medical institution devices, acquiring clothing and footwear, modernizing production, purchasing motor vehicle transport, television and radio equipment, etc.

(This selection of items utilized materials from the large-circulation newspapers, RABOCHYE SLOVO, SUDOSTROITEL, ADMIRALTEYETS, KRASNYY SORMOVICH, TEKHNICHESKIY PROGRESS, TRUDOVAYA VAKHTA, KERCHENSKIY SUDOSTROITEL, AVANGARD, BALTIYETS, and others, as well as materials offered to the editors by enterprises and organizations).

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## REGIONAL AFFAIRS

### Supsov Decree on Admininstration Heads

934C0617B Moscow ROSSIYSKIYE VESTI in Russian  
24 Dec 92 p 5

[Decree of Congress of Russian Federation Congress of People's Deputies on Administration Heads, adopted December 10, 1992]

[Text] In connection with the loss of force of the decree of the Fifth Congress of RSFSR People's Deputies "On the Organization of Executive Power During the Period of Radical Economic Reform," the Congress of Russian Federation People's Deputies resolves:

1. To deem inadvisable the holding of general elections of administration heads during the period prior to the election of people's deputies to Soviets of People's Deputies of the new convocation.

2. To establish during this period that:

in instances of the passage by a Soviet of People's Deputies of a motion of no confidence in an administration head, the early termination of the powers of an administration head, or the expiration of the term of an acting administration head, as well as if a person is appointed to the office of administration head in a manner that violates the procedure established by the Russian Federation President's Edict No. 75 of August 22, 1991, and Edict No. 239 of November 25, 1991, a Soviet of People's Deputies is empowered to adopt a decision to call an election of an administration head on the basis of the RSFSR law "On Elections of Administration Heads," or to propose to the Russian Federation President or to a superior administration head that the right of appointment of an administration head be exercised in accordance with the procedure established by law;

the appointment of an administration head and the early termination of the powers of an administration head at the initiative of the Russian Federation President or a superior administration head must have the concurrence of a Soviet of People's Deputies;

administration heads appointed in accordance with the procedure established by the decree of the Fifth Congress of RSFSR People's Deputies "On the Organization of Executive Power During the Period of Radical Economic Reform," as well as administration heads appointed or elected in accordance with this decree, possess all the rights and responsibilities specified by Russian Federation legislation for this category of officials.

3. The Russian Federation Supreme Soviet will adopt, within 30 days, a law on the procedure for appointing and dismissing administration heads in instances specified in point two of this decree.

[Signed] R. I. Khasbulatov, chairman of the Russian Federation Supreme Soviet

Moscow, the Kremlin

December 10, 1992

No. 4065-1

### Chechnya, RF Agreement

#### Chechnya, RF Call for Cooperation

934C0638A Moscow ROSSIYSKAYA GAZETA  
in Russian 17 Dec 92 p 1

[Article by Yaragi Mamodayev, First Deputy Chairman of the Cabinet of Ministers of the Chechnya Republic: "Wisdom and Patience Will Help To Preserve the Peace"]

[Text] At the Seventh Congress of People's Deputies of the Russian Federation, an appeal was made to the people and to authoritative bodies of the Chechnya Republic. It stated that where there is good will, solutions can be found to all the problems that complicate Russo-Chechen relations, taking into account the lawful interests and just expectations of the peoples who live in these republics.

Yaragi Mamodayev, First Deputy Chairman of the Cabinet of Ministers of the Chechnya Republic, comments on this topic.

The appearance itself of this document is a gratifying fact, although not all its assessments can be agreed with. But the main thing is that we support the idea that where there is good will it will be possible to find a solution to all problems. Indeed, we managed recently to dissolve the exceptionally severe situation on the Chechnya border that separates Russian and Chechnya forces. Indeed, everything hung by a hair. One careless step, one discarded match, would have been enough to fan the flames and throw our peoples into bloody carnage. In those worrisome days I met with Yegor Gaydar and Sergey Shakhra. We found a common language. It is no wonder that it is said: When diplomats speak, the cannons are silent. Then we began to discuss problems of the principles of economic, scientific, engineering, trade, and cultural collaboration between Russia and the Chechnya Republic.

I am all for our building our relationships, giving consideration to the real economic and political interests of both sides and refraining from any kind of dictation. For our part, we are doing everything to strengthen the ties of friendship that for a long time connected the Chechnya people with representatives of the Russian population, of whom there are more than 300,000 in the republic, with people from the nearest parts of Russia.

**Chechnya Official Calls for Immediate Agreement on Cooperation**

*934C0638B Moscow ROSSIYSKAYA GAZETA in Russian 17 Dec 92 p 1*

[Article: "When the Newspaper Pages Are Made Up"]

[Text] At a Moscow press conference on 16 December, FIRST VICE-PREMIER OF THE CHECHNYA GOVERNMENT YARAGI MAMODAYEV spoke out in favor of the most rapid signing of the agreement on principles of economic, scientific, engineering, and cultural collaboration between Russia and Chechnya. He declared, "WE ARE NOT STRIVING FOR SEPARATION FROM RUSSIA BUT WE ARE FOR MUTUALLY ADVANTAGEOUS NEGOTIATIONS." Yaragi Mamodayev was selected in May for the post of first vice-premier of Chechnya, and he said that his government is ready to transfer to the jurisdiction of Russian authority a portion of its authority ON SUCH QUESTIONS AS "BUILDING THE ARMED FORCES, DEFENSE, SCIENTIFIC AND ENGINEERING RESEARCH, PRESERVATION OF ECONOMIC TIES, AND THE BANKING SYSTEM, AND WE ARE READY TO SHARE WITH OUR RUSSIAN COLLEAGUES."

**Chechnya Press Comments on RF Plans To Remove Dudayev**

*934C0613B Moscow NEZAVISIMAYA GAZETA in Russian 19 Dec 92 p 2*

[Unattributed article: "Plans of Russian Special Services in Chechnya"]

[Text] The "Chechen-Press" agency disseminated information concerning new intrigues on the part of Russian special services in regard to independent Chechnya. With a reference to Chechen parliament member Said-Khasan Abumuslimov, who was recently in Moscow and had a meeting with a high-ranking official in the Russian government, the agency informs of a plan held by Russian authorities to solve the "Chechen problem" during the course of the next two to three months.

Also, according to Abumuslimov, the use of mafia groups from Chechnya is being counted on. With the help of the latter, it is assumed that the split in the Chechen government will deepen. The result of such activity will be the removal by April 1993 of Dudayev from the post of president of the ChR [Chechen Republic].

Within the framework of the plan to discredit the government of Chechnya, reports the agency, Russian special services at the present moment are actively gathering compromising material on the higher echelon of ChR authorities to subsequently blackmail them. The Russian mass media has been assigned the role of directly discrediting Dudayev with this, as the "Chechen-Press"

agency points out, in order that "he appear as an enemy of mankind in the eyes of the world community."

The lack of mutual understanding among Chechen leadership is evidenced by the fact that according to information given by a senior employee of the ChR cabinet of ministers, Said-Ali Yanurkayev, a meeting took place a day or so ago in Moscow between the ChR prime minister, Yaragi Mamodayev, who was fulfilling an obligation, and the new head of the Russian cabinet, Viktor Chernomyrdin. At this meeting the issues of mutual relations between the RF and ChR were discussed, and, as Mamodayev himself reported by phone to Groznyy, Victor Chernomyrdin acknowledged and supported all agreements previously concluded with Gaydar to include, in particular, those proposing to remove the blockade from Chechnya.

Instead of gratitude in Groznyy, however, Mamodayev's actions were received negatively. As the ChR president stated yesterday at a press conference, Chechnya's leadership is viewing Ya. Mamodayev's visit to Moscow as a "private trip."

**Ingush Republic Administration Head Interviewed on Resignation**

*934C0595B Moscow TRUD in Russian 23 Dec 92 p 2*

[Interview with former Ingush Republic Administration Head Major-General Ruslan Sultanovich Aushev by TRUD Correspondent Vladimir Snegirev: "General Aushev: 'I Quit'"]

[Text] This man is among those whom you do not need to recommend. In any situation, Aushev remains a model of personal courage, honesty, and conscientiousness. Having become a Hero at 26, he turned in a brilliant military career, earned general's shoulder boards and, in the process, became wise without "going numb" and without losing those qualities which unfortunately occurs among the majority, alas, with the passage of years. But he has still remained a son of his people. He is Ingush.

There is nothing surprising in the fact that, when the conflict flared up between his fellow countrymen and the Ossetians in the North Caucasus, Ruslan Aushev immediately ended up there and was soon designated head of the interim administration on the territory of Ingushetia. That was that very instance when life itself made the selection and promotion to the high post. Although, on the other hand, you certainly couldn't find those people at the time who would have envied the young general. He assumed his post when the carnage was still continuing and when thousands of hostages were languishing in cold basements, when homes were burning in destroyed villages and when people who had been deprived of a roof over their heads and who had become senseless with grief were all heading for the small city of Kazren that had become the Ingush capital. What could he say to them? How could he console them?

They summoned him and made him their leader, not only while recalling the Hero's former deeds. And not only because they knew him as responsible, honest and incorruptible. The fact that R. Aushev recently had access to the offices of the highest Russian authorities and enjoyed prestige in the Kremlin also played its role. They thought they he would be able to find a common language with the representatives of the Russian Federation administration who had been sent to the Caucasus and would establish productive cooperation with them.

And suddenly, like thunder in a clear sky, came Aushev's statement on his retirement. What had happened? Yesterday, having appeared in his office of chairman of the Committee for Soldier-Internationalist Affairs after a nearly two-month absence, the general answered that question and acquainted the TRUD correspondent with his official statement.

In brief, the essence of that document is reduced to the following: the interim administration on the territory of North Ossetia and Ingushetia is not resolving the most important problems, among which are the release of hostages and prisoners, the return of forcibly deported residents of Prigorodny Rayon to their legal places of residence, stopping murders and marauding, and disarming illegal bandit formations. In R. Aushev's opinion, the introduction of troops into Ingushetia violates the rights of citizens and destabilizes the situation. Steps are not being taken for a political solution to the conflict. Federal rule is not being introduced on the territory of Prigorodny Rayon.

In harsh form, the major-general expressed a decisive protest of the interim administration and also of the leadership of the Russian Federation that "is leading to a further escalation of tension in North Caucasus". In the situation that has developed, he considered it impossible to continue to carry out the responsibilities of the head of administration.

[Aushev] I considered it better for me to quit, without waiting for A. Kotenkov, the new head of the interim administration on the territory of North Ossetia and Ingushetia, to remove me from my post. Conflict between us was inevitable. I cannot agree with the passivity of the Russian authorities, their inaction, and the fact that they are not taking into account the reality. To remain at my post would have meant sharing responsibility for all of this.

[Snegirev] Incidentally, how do you explain that during the last two months Moscow has changed its emissaries to Vladikavkaz three times? Khazha, Shikhayev and now Kotenkov...

[Aushev] In my view, this is also graphic evidence of the confusion and inconsistency of the Russian leadership. In my opinion, they still haven't defined what they want to do and how they need to act. At first they were making a mess of things and now they are sitting idly by.

[Snegirev] They were making a mess of things? Do you have in mind the army's punitive raids during the so-called "separation" of the belligerent parties about which you have already spoken and written?

[Aushev] Yes, I saw with my own eyes how tanks opened fire against peaceful motor vehicles and buses in the area of Chermenskiy Intersection. The tank crewmen had allegedly received intelligence information about the advance of Ingush armor to this area but the Ingush did not have any armor. I can cite quite a few other similar examples. But who will tell me why Russian troops (a brigade, a regiment and a powerful artillery formation) have been deployed in Ingushetia in close proximity to Chechnya? A single random or provoked exchange of fire will be sufficient for that entire armada to sweep from the face of the earth half of North Caucasus. I saw how that occurred in Afghanistan. Has someone really still not become tired of war? Is that how they want to resolve the problem of Russian integrity?

[Snegirev] It turns out that you permit the thought that there are people in Moscow who are interested in preserving the instability in North Caucasus?

[Aushev] Yes. And I am prepared to submit evidence. Our people have been made a hostage in a political game.

[Snegirev] Are you permitting the possibility of your return?

[Aushev] If the Ingush people want to elect me to some sort of elective post, I will not stand aside.

And so, Ruslan Aushev loudly slammed the door. He did that in order to attract attention to the misfortune of his people. Yesterday, Sergey Shakhray assessed Aushev's deed as a stab in the back in a television interview. But meanwhile hundreds of thousands of people in the two republics to the south of Russia are hoping and waiting.

#### Tatar President at Leaders' Conference on Leadership's Activity

934C0628B Moscow NEZAVISIMAYA GAZETA  
in Russian 22 Dec 92 p 1

[Article by Radik Batyrshin: "Pressure on the Republic Will Do No Good; Mintimir Shaymiyev Sums Up the Year"]

[Text]

#### Tatarstan

The preamble of Tatarstan President Mintimir Shaymiyev's speech at a republic conference of leaders at all levels was devoted to political problems. Indeed, it can be considered a summary of the activities of the leaders of Tatarstan for the year.

Among the significant events of the year, Shaymiyev cited the Congress of the Peoples of Tatarstan, the World

Congress of Tatars and the adoption of the new Constitution of the Republic of Tatarstan. The latter, in his opinion, "laid the legal foundation for the sovereignty of the republic, and defined the juridical basis for further democratization." This step, in Shaymiyev's opinion, was justified not only from a political but also from an economic point of view; for "in order for reforms to succeed one must have a solid political-legal foundation." He believes that, "Not only Tatarstan, but Russia too requires reform of the economic and political structure." He expressed his regret on the fact that "many people are still thinking in the old way, citing the obsolescence of the RF [Russian Federation] Constitution which they criticize, attempting thereby to exert pressure on the republic." He stressed that "today these methods will do no good." Shaymiyev declared that for all these years, from the time of the adoption of the Declaration on Sovereignty, Tatarstan has "consistently spoken out for new and more democratic relations with the revitalized Russian Federation, at the same time trying not to violate its integrity." He explained the essence of Article 61 of the new Constitution as Kazan's desire for a agreement with the RF on mutual delegation of authorities, having fixed these principles in the fundamental laws of the RT [Republic of Tatarstan] and the RF. "The time has come to make the move from mistrust and mutual reproach to constructive, mutual understanding," declared the President of Tatarstan. He stated that his last meeting with Yeltsin and Khasbulatov, "confirms their desire to accelerate the completion of an agreement and to proceed to sign it." According to Shaymiyev, Russian Federation Council of Ministers Chairman Viktor Chernomyrdin has also affirmed his readiness to examine the complex of urgent economic problems which have sprung up in relations between Moscow and Kazan.

Speaking of the problem of citizenship, Mintimir Shaymiyev stressed, that "without our own citizenship we shall be unable to solve the questions of privatization, military service, regulating the migration process, and so on." "Obviously any sovereign state has its own citizenship, and therefore it is logical to affirm it in the Constitution of Tatarstan," he declared, citing the fact that all citizens of Tatarstan are at the same time citizens of Russia as well.

Incidentally, it was precisely this clause of the republic Constitution that encouraged a German businessman working in Naberezhnye Chelny to submit an application to the President of Tatarstan. In it he asked that he be granted, in addition to citizenship in the FRG, Tatarstan citizenship as well.

### Tatar PM's Favorable Position on Gaydar, Chernomyrdin

*934C0613A Moscow ROSSIYSKAYA GAZETA  
in Russian 23 Dec 92 p 1*

[Interview with Mukhammat Sabirov, Prime Minister of Tatarstan, People's Deputy of the Russian Federation, by correspondent Dmitriy Mikhaylin: "I Can Refute the Charge of Conservatism Directed at the Head of the Government"]

[Text]

[Mikhaylin] Mukhammat Gallyamovich, quite awhile has passed since the Russian prime minister was elected. And, clearly, today one can calmly analyze the results of the vote and predict the consequences of this choice.

[Sabirov] I know Gaydar quite well as a person and I know his business qualities. He knows how to listen, and, most importantly, how to hear. There has not yet been one issue, which we could not resolve with him through our joint efforts. And while voting, for the first time I pressed the button "for."

I think that the majority of deputies from our republic also supported Gaydar's candidacy, because everyone knows what invaluable assistance Yegor Timurovich has given to Tatarstan.

With no less eagerness I also pressed the button in favor of Chernomyrdin's candidacy. We have been acquainted since the time when I worked in Orenburg as the manager of the trust "Vostokmontazhgaz," and Victor Stepanovich, as the director of the Orenburg gas refinery plant, which at that time was still being built. We even had contact when he was the minister of the gas industry. Having observed his activities for many years, today I can refute with complete conviction all charges of conservatism directed at Chernomyrdin. Remember, after all, he was the first minister to transform his ministry into a concern; here I am speaking of "Gazprom."

Incidentally, I should also note that at present the gas industry is the only branch of industry in Russia in which there has been not a drop in the volumes of production, but the reverse, a steady increase. Also, these are physical, not ruble volumes.

And to talk about the gas industry's importance to the national economy, I think, would not even be worthwhile.

I was personally convinced of Chernomyrdin's business qualities during his recent visit to Tatarstan. We traveled around the republic's oil regions, and I observed his knowledge of business as he conversed with oil-industry workers and gave competent advice.

I also like the position Chernomyrdin has taken in the regard that, while still in the post of vice-premier, he strove with all his might to help industry, and to preserve the remainder of what has not yet come to ruin.

This position, I think, comes from knowledge about life. Knowledge of this kind comes from within, not from books.

If Gaydar were to gather more people like Chernomyrdin or Khizha around himself, and not those who have never worked in industry, it would be possible for him to conduct a more well-thought out and carefully weighed policy, while not retreating from a course of reforms. True, recently Gaydar has begun to understand that reforms are not valuable exclusively in themselves. They have meaning only if they help people to live better lives.

Here in Tatarstan we are reforming the economy in accordance with the principle that a market is not for the sake of a market, but for the people.

[Mikhaylin] What do you see the regional policy of the Russian government as with Viktor Chernomyrdin's arrival in the post of premier?

[Savirov] I hope that it is changing for the better. Gaydar's government, unfortunately, unlike Gaydar himself, has given very little attention to the regions. While a member of the Russian government, I spoke at his meetings more than once about this. I cannot understand why they expect decisions adopted in the Oval Room of the Kremlin to be realized without consulting with the leadership of the regions.

I cannot imagine one of my days without five to ten calls to administration heads of cities and regions in the republic. But Moscow bureaucrats do not want to understand that each region is unique.

I am getting the impression that it makes no difference to the majority of them what happens in Tatarstan, which sends the majority of its goods to other regions in Russia.

[Mikhaylin] Do you think that Chernomyrdin's policy of reform and the policy of a "soft" market entry declared by Tatarstan's government will to some degree correspond with one another?

[Savirov] This is certainly quite true, and I am sure that Chernomyrdin, like Tatarstan's government, will not retreat from the concept of a market economy. All the talk about pulling back have absolutely no foundation. Taking a stand even on the smallest problematic aspect of reforms is not pulling back, but a step forward.

**Bashkir, Mari-El, Tatar, Chuvash Leaders View of 'Idel-Ural' State**

934C0630A Moscow NEZAVISIMAYA GAZETA  
in Russian 12 Dec 92 pp 1, 3

[Article by Radik Batyrshin: "Conference as a Means Against Chaos; National Movements of Urals-Volga Region Favor Unification of Their Republics"]

[Text] The idea of the state of "Idel-Ural" as a unification of the peoples of the region is not new. It was born of the leaders of the Tatar national organizations back in 1917 (some researchers attribute it to an even earlier time). The initiators of reviving this idea were the leaders of the national movements of Bashkortostan, Mari-El, Tatarstan and Chuvashia, who signed a document to this effect. During a recent visit by leaders of the Bashkir national organizations to Tatarstan, the decisiveness of the colleagues to work toward the glory of the future confederation and sovereignty of their republics was reaffirmed. Here the long-time stumbling block—the problem of the Tatar diaspora in Bashkortostan (the second most numerous people)—was placed into a corner. Moreover, the parties agreed to reject mutual reproaches and attacks. Rafail Khakimov, advisor to the president of Tatarstan, believes that the impetus for this decision was the creation of national congresses of Bashkirs, Maris, Tatars and Chuvash as legitimate organizations of these peoples. Khakimov is inclined to define the future organization as a unique assembly of national movements, and not as a prototype of some inter-state association. On this, Khakimov's viewpoint coincides with the position of leaders of Bashkortostan, Tatarstan and Mari-El, who emphasize their opposition to some inter-state association within the framework of the Urals-Volga Region, believing that this would cause opposition between the center and the republics.

However, the view held by Marat Mulyukov, chairman of the All-Tatar Community Center [VTOTs], toward the conference differs from the official one. Considering the idea of the conference "raw" and requiring further development, Mulyukov speaks out in favor of an inter-state association. "We will develop a conception, and then propose it to the government," he announced in an interview with NEZAVISIMAYA GAZETA. "Our peoples have lived together since ancient times and have never warred against each other," said Mulyukov. In his words, the concentration of all economic ties in the region would allow the peoples to survive the crisis more easily. Moreover, the VTOTs chairman presented as an example the presence of regional economic associations such as "Great Volga." He believes that unification will give the Chuvash in Tatarstan and the Tatars in Chuvashiya, etc., great opportunities for their cultural development. "We should not be confused with the Confederation of Peoples of the Caucasus, we have other problems and tasks," he emphasized.

The chairman of the Bashkir People's Center "Ural," Marat Kulysharipov, agreed with his Tatar colleague: "We are proposing that this confederation might include not only former autonomies, but also oblasts of the region interested in economic integration between the Volga and the Urals." He believes that the confederation "is the best means of saving ourselves from that crisis which is raging on the territory of the Russian Federation." Kulsharipov hopes that the leaders of the republics will approach with understanding this idea which, in his opinion, does not contradict the sovereignty of the republics. He does not exclude the fact that the idea of the conference may become the basis for dialogue between Bashkir and Tatar national movements in Bashkortostan.

A member of the governing board of the Mari national movement "Mari Ushem," Vasiliy Yanalov, non-synonymously evaluated the sealing of the document on the conference by the chairman of the "Mari Merkanash" ("Great Council"), Vasiliy Piktayev. "I was familiar with this idea even two years ago as the program of the 'Idel' party," says Yanalov. He believes that Piktayev's signature is sooner his personal position, and not the position of the Mari national movement. "Naturally, we will take part in the assembly of peoples of the Urals and the Volga region, but the idea of an inter-state association must be discussed some more," believes Yanalov.

Thus, the leaders of the national movements have decided to forget their mutual pretensions and unite for the purpose of creating a unified confederation of the Volga and Urals regions. The purpose is clear—to put up a fence against the adversities of reform, to support "their own people" in "other" republics. And the attitude exhibited by the leaders of the ex-autonomies toward this may become a unique test regarding the influence of the national movements on the leaders of their republics, which for now prefer bilateral agreements. Although, the best method of treating the dangerous initiative is not to notice it, and evidently the official leaders of the Ural-Volga regions will prefer not to excite the center.

#### **Background to, Aftermath of Dismissal of Krasnodar Kray Head**

*934C0627A Moscow SOVETSKAYA ROSSIYA  
in Russian 19 Dec 92 p 2*

[Article by S. Shipunova, SOVETSKAYA ROSSIYA correspondent in Krasnodar: "The President's Error"]

[Text] In Russia this event went practically unnoticed. It was overshadowed by the Congress of People's Deputies. Nevertheless, it is worth noting in our political calendar.

We are speaking of the dismissal of "Russian Governor No. 1," Vasiliy Dyakonov, from his duties.

The appointment of this man as head of administration of Krasnodar Kray is one of the president's August mistakes which has now become apparent. In Kuban, they sized him up rather quickly: Already in December of last year there were public demonstrations calling for

Dyakonov's resignation, and in July of '92, the session of the kray soviet expressed a vote of no confidence in him. However, it took B. N. Yeltsin himself more than a year to admit this error.

Then again, has he admitted it? As we know, Yeltsin "does not give up his own," and if he "gives them up," it is, as a rule, a necessitated concession. The directive on Dyakonov's dismissal appeared after long and active pressure from Kuban, and literally a few days before the Congress of Russian Deputies. Within the president's pre-congressional "party," this was something like a sacrifice of a "pawn" in addition to several "weighty" figures.

However, Dyakonov was far from being a pawn in the presidential command. Being Yeltsin's first appointee outside of Moscow, in a major region, he was called upon to ensure the "triumphant procession" of reforms in the local areas. However, he was unable to justify the great hopes which had been placed upon him.

Was this a banal cadre error, or is there a more serious miscalculation concealed here?

We believe that Yeltsin's entire cadre policy was reflected in the incident with Dyakonov, as in a drop of water.

In Kuban it is no secret to anyone that Vasiliy Nikolayevich was appointed to the position... sight unseen. He did not even go to Moscow at that time to meet with the president. It was a typical example of when someone's recommendation, not always an honest one, is enough to decide the matter. The decision was made in the first days after the defeat of the GKChP [State Committee for Emergency Situation] and was dictated by only one thing—"revolutionary expediency," for which the main thing, as we know, is not competency, not experience, but personal devotion, the readiness to follow the patron to the barricades.

Dyakonov literally burst into the Krasnodar "White House" with a pistol in his pocket and surrounded by heavy guard, which he did not part with until his very removal from office. Perhaps it was even somewhat annoying to him that the "revolution" had ended so quickly (and in Krasnodar, to tell the truth, it had never even begun). For a long time, he imagined terrorists lurking in every all corner. And, carried away with this idea, he created an entire militarized organization under his wing—the Kuban cossack forces, sending the ataman with his staff straight to the kray administration building and generously subsidizing him. This organization, which introduced a schism into the Cossack brotherhood, has already done much harm. It is guilty of many illegal actions, about which even Procurator General V. Stepankov spoke at the Seventh Congress. Moreover, Dyakonov created such a strange structure as the Control-Analytical Administration (KAU), which engaged in natural investigative activities, and only now, after Dyakonov's removal, has finally been disbanded.

The regime of "emergency situation" set by the president himself was the only acceptable one for men such as

Dyakonov, since it allowed them to constantly "keep things in order" (a state of emergency had been declared in Kuban several times for various reasons), to hold the cadres in fear and to perform lawlessness and go unpunished.

Upon verification, Dyakonov turned to be a person who was not very competent, and who did not possess even elementary political culture. Obviously, when such a person is given unlimited power, he will quickly "chop a lot of wood and break his own neck." That is just how it happened. The Kuban governor, who quickly handed out property and funds to those close to him, was relieved of his duties in one year and three months specifically for his numerous violations of Russian legislation. In this year, he had gotten bogged down in scandals, judicial investigations, etc.

The game of "revolution," of change in power, when the old cadres are torn out by the root, when enemies are imagined everywhere, when things are done not by intellect, but by force, cost Kuban dearly. Its economy is in great decline today. Public accord has been destroyed, and all the kray's power structures have been feverish for many months.

Today, looking back at over a year of "Dyakonovshchina" [Dyakonov's rule], one thinks: Why was all this necessary, and for whom? And there is no intelligible answer to this question. This was necessary for one person—the president. He wanted to get support for his reforms here, in the province, by this method. But it turned out quite the opposite: Having gotten a taste of "Dyakonovshchina," the population of Kuban became disenchanted both with the reforms and with the reformers, and with Yeltsin himself, especially since Governor No 1 emulated the president in many ways, always and everywhere flaunting his personal patronage.

The president's mistake was not in the fact that he settled on an unsuccessful candidate (no one is ensured against this). It seems to me that the very approach was erroneous, at the basis of which lies nothing other than mistrust in people.

Why was it necessary to replace the local cadres at all, and especially in Kuban? Because Yeltsin did not trust the former leaders, although it was specifically these leaders whom the local population fully trusted.

In another year, during Yeltsin's short-term visit to Kuban, journalists asked when the elections of heads of administration would be held (the kray was already moaning under Dyakonov), and the president responded haughtily: "When the people mature..."

The president, who does not believe in his people, does not believe that the people are in a bad way, that they are suffering... He does not believe that he himself long ago lost that love and authority among the people to which he presumptuously aspires. Mistrust by the president toward his own people will sooner or later turn into mistrust by the people of their own president.

All of Kuban is waiting to see who will become the second governor of the kray. Will there again be an appointment by the president, or will they be given an opportunity—by order of exception—to hold elections? The story with Dyakonov was practically the main argument, when the question of heads of administration was discussed at the congress. Had it not been for the "case in Krasnodar," perhaps this question would not stand so acutely. Dyakonov's "achievement" consisted of the fact that he most "successfully" discredited the very institution of appointing governors.

A large group of people's deputies of the kray soviet (one-third of the total membership) spoke out recently with a demand to schedule elections for head of administration of the kray. However, the new Kuban nomenclature, comprised over the last year, clearly does not want elections and is ready to agree to any compromise with the president so as not to place the resolution of this question in the hands of the population.

This in itself is very indicative: They only need democracy when it guarantees victory for the democrats. If there is no such guarantee, then the tried and true administrative method—appointment—suits them better.

Many people in Kuban have been frightened by the results of the elections held on 15 November in the 17th National-Territorial District, when a new deputy was elected to the seat of V. Shumayko, who had resigned. As we have already said, not one of the numerous aspirants from democratic circles got even 9 percent of the votes. However, over 60 percent of the voters voted that day for the former chairman of the kray soviet, Nikolay Kondratenko, who had been thrown overboard by the president in August but who, as it now becomes clear, still retains high authority among the population.

Some project the results of these elections toward the possible elections of head of administration and... "no, no, anything but that!" In other words, "the people have not matured."

Or perhaps they really have matured? Both in terms of electing a worthy leader for themselves, and in order to hold Dyakonov and the president responsible for the losses which have been inflicted upon Kuban as a result of his single "error?"

#### Kabardino-Balkaria Council Meets on Government, Public Cooperation

934C0634A Moscow NEZAVISIMAYA GAZETA  
in Russian 12 Dec 92 p 3

[Article: "Kabardino-Balkaria"]

[Text] A session of the Consultative Council on the Interaction of Authoritative Bodies and Social Organizations of the VVS [Higher Temporary Soviet] of the KBR [Kabardino-Balkaria Republic] was held in Nalchik on 10 December.

**Khachim Karmokov**, chairman of the republic's VS [Supreme Soviet], Vice-President Gennadiy Gubin, and representatives of all political parties, movements, and public organizations of the KBR took part. From the lists of draft laws that were offered for discussion and were handed down at the KBR VS session that opened 17 December and that included the laws, "The Government of the KBR," "Elections of People's Deputies in the KBR," and "People's Congresses," the latter two were excluded since, in the opinion of the Consultative Council's participants and the VS's deputies' commissions, they had not been worked over well enough.

The KC's [Consultative Council's] participants discussed in detail the law, "The Government of the KBR," and made many corrections to it. In particular, the original proposal that the prime minister be named President of the KBR was recommended for adoption in the version where the President offers his candidacy for the post of prime-minister and parliament confirms it.

Zhanemir Gubachikov, deputy chairman of the Congress of the Kabardino People, who chaired the session of the Consultative Council, answered the NEGA [NEZAVISIMAYA GAZETA] correspondent's question—whether the situation that prevails in the Russian Congress because of President Yeltsin's demarche was discussed, saying that discussion occurred only on the level of private conversations of various participants, and no political consultations on this question were held. In his words, serious analysis of the arrangement of political forces at the Russian Congress of People's Deputies would be required for this.

#### Saratov Oblast's High Emotions on Fate of German Autonomous Republic

934C0613C Moscow PRAVDA in Russian 23 Dec 92 p 1

[Article by A. Vorotnikov: "And Who Asked 'Our Germans?'"]

[Text] In the Saratov Oblast Soviet of People's Deputies once again emotions flared concerning the fate of the German autonomous republic in the Volga region. The cause for this was the "Protocol on Cooperation between the Government of the Russian Federation and FRG Aimed at Restoring the Statehood of Russian Germans." The residents of the Volga region remarked that the protocol does not reflect the real situation in the region, or the position held by the majority of the local population. The Malyy [small] Soviet decided to ask the RF [Russian Federation] Supreme Soviet not to ratify the protocol without separately considering the will of the majority of voters living within the territory of the Saratov oblast.

#### Sakha First Congress Goal To Improve Living Conditions

934C0617A Moscow ROSSIYSKAYA GAZETA in Russian 22 Dec 92 p 2

[Article by Vyacheslav Stepanov: "Federation: Sakha Is Reborn, but Won't Leave Russia"]

[Text] The first congress of Sakha (Yakuts) has been held. As of today, these people, who gave their name to the enormous northern territory, number almost 400,000. This is one-third of the population of the Republic of Sakha (Yakutia).

For centuries, the Yakuts raised livestock. Then, with the Russians' help, they started cultivating grain. And they lived a completely normal life, not knowing that misfortune lurked in the depths of their native soil.

The exploration and extraction of underground resources became a real tragedy for the Sakha and the other indigenous peoples. Thousands of hectares of taiga, tundra, fields, and meadows now resemble a battlefield.

Two years ago, the republic adopted an act on sovereignty that is to promote the Sakha people's rebirth. For this reason, one should note the key problems raised at the congress. They were: land use, citizenship, demographic decline, and the training of Yakut youth and manpower for industry. The view that all the inhabitants of the Far North (incidentally, members of 120 nationalities live in the republic) should have access to the benefits provided to small peoples is also just. Emphasis was put on the need for a program to equalize living conditions in industrial and agricultural rayons, where three-fourths of the native population currently resides.

The congress, then, raised only economic and social issues.

#### Report on Cossack Moscow Press Conference

934C0634B Moscow NEZAVISIMAYA GAZETA in Russian 11 Dec 92 p 2

[Article by Irina Shkarnikova: "The Union of Cossack Forces of Russia Consider Themselves a Real Military Force and Hope to Become a State Organization"]

[Text] A delegation from the Union of Cossack Forces of Russia under the chairmanship of Albert Vetrov, ataman of the Yenisey Cossack Force, arrived in Moscow, scaring the deputies with its potential for aggravating the political situation. However, as the atamans who represented the Union at a press conference assured them, the delegation came for peaceful purposes—to support Boris Yeltsin and the government and, in turn, to call on them to grant the Union the status of a state organization. On a par with the Russian Army and, even better than that, the Cossacks of the Union were intended to protect the Russian frontier.

The Union's delegation, which included 12 Cossack Forces of Russia—from Siberia, Kemerovo, Vladimir, Kazakhstan, the Kuban, and other regions of Russia and CIS countries—brought with them for Yeltsin's signature a package of documents, among which were the draft of an edict, "The State Service of Cossackdom, Cossack Self-Government, and the Creation of a Cossack Service," a statute on land reform that stipulates the conditions for community, collective, and personal possession of the lands at Cossack stations, as well as papers about developing Cossack stations.

In the opinion of the Union's atamans—there were only two at the press conference—Albert Vetrov and Yevgeniy Nagay, ataman of the Kuban Cossack Force—the Union of Cossack Forces of Russia has already outgrown the status of a social organization, and Cossack frontier formations, based on the Union, must be created within the Russian forces. "The army has disintegrated," the atamans said, "and Cossackdom right now is the most realistic force that is capable of protecting Russia, therefore the Cossack Service must be converted to state affiliation." The fact that Cossackdom is right now the sole realistic military force in Russia is the chief argument and resembles most closely, however, the slogans of the Union's atamans. However, the Union of Cossack Forces of Russia is still one of 50-60 Cossack social organizations of Russia, whose numbers are unknown. Despite this, the atamans give assurances that the Union will be able to protect the Russian border—from the Kuriles to Saint-Petersburg. They gave assurance also that Cossackdom must be quickly united and that "a split along political lines among the Cossacks will lead to incalculable harm for all of Russia." However, Cossacks organizations today are split precisely along political lines: roughly speaking, some Cossacks are for the Soviets, others are for Yeltsin, and still others, like their ancestors, are for the Tsar. True, the atamans have given assurances that when long-standing rights to land are returned to Russia's Cossackdom, the split will be overcome.

At the press conference, together with the atamans' assurances of devotion to Yeltsin and demands for state status that were not at all argumentative but very emotional, they also sounded assurances that the documents had already been signed by most of the ministries and await only Yeltsin's signature.

#### Luzhkov on Moscow Government Issues

934C0604A Moscow LITERATURNAYA GAZETA  
in Russian No 52, 23 Dec 92 p 11

[Interview with Mayor of Moscow Yuriy Luzhkov by LITERATURNAYA GAZETA correspondent Yu. Solomonov; place and date not given: "Yuriy Luzhkov: Why Does Everyone Consider Themselves as Knowledgeable in Economic Matters as They Are in Soccer"]

[Text]

[Solomonov] Yuriy Mikhaylovich, before the Congress of People's Deputies took place I, for one, still would not

accept the contention that Russia is no longer a manageable country. I will tell you frankly that the congress has dampened even these weak remnants of my optimism.

[Luzhkov] Let us take a look at what existed in Moscow and in the country in the recent past and what has become of it since the collapse of the totalitarian system.

Overall, the system was quite stable. This stability rested on a practically unchanging economy, established economic ties, and a relatively stable organ of administration. Stable and the only one! As is known, the central and the city party committees were running everything. Success was achieved through party discipline, and through centralized financing and distribution. Thus, one may say that the socioeconomic and political life of Russia was regulated in all of its components and elements.

Human resources management was done through the party organs. Through fear, the dread of losing party membership. If you allow yourself to dissent, commit an economic violation or, God forbid, do something reprehensible in your personal life, for starters you got a reprimand, and then you lost your job and became an outcast. As a result, a demoted manager of any rank lost both his job and social standing. As a rule, there was no way back.

The totalitarian system continuously demonstrated its capabilities. Party rayon and city committee bureaus constantly functioned in a punitive mode. All of this is the first element of stability.

The second is centralized capital investment, decisions on which were made "up there." The city was allocated 4 billion rubles [R] annually. And just try after such benevolence not to fulfill the tasks set by the Central Committee! If, for instance, we ran out of money, we had to appeal to the government, crawl on our knees, beg Ryzhkov or someone else, all puffed up, condescended. This was not an isolated occasion—this was the system! Its stability, however, declined year after year; its collective rejection grew, which in the final count has led to the current situation.

Now let us look what we have now... No one has a monopoly on running the city. Managing the city has become a dual-system undertaking (I am referring to the executive and representative branches). Even if these two systems act in accord, they cannot ensure stability, because it is practically impossible to manage one economic entity from two centers of power. We need to clearly define the functions of the representative and executive power so that they do not duplicate one another.

The economic side must be run by the executive branch. This is an axiom. When lawmakers interfere in it, it becomes unstable. Because it receives disparate, sometimes diametrically opposite, orders. Chaos ensues. This, of course, immediately leads to the emergence of structures that take the task of management upon themselves. This, however, raises the level of, for instance, potential for crime. It always happens in these kinds of situations.

What is the solution? We need one instrument of administration. Above it is the organ that implements the function of control. We tell the deputies: Look, why do you need to get involved in trash removal and construction? Take care of the budget. Control its size, proportions, and implementation. If you, for instance, allocate 15 percent for public safety, no organ of executive power has a right to decrease this share. Or, as it happens, increase it at the expense of other line items.

[Solomonov] Are you not simplifying the position of the Moscow Soviet deputies? Do they not understand at all the difference between executive and representative organs?

[Luzhkov] Of course they understand it. That is not the point. The point is that in order to carry out the functions of representative power 50 deputies will be enough for the city. Half a hundred! But, excuse me, the kind that are well prepared for the job, and knowledgeable in the areas of economics, law, municipal services, social problems, and demographics.

Instead, we currently have 4,000 deputies. This quantity turns into a new, strange quality. They have nothing to occupy themselves with! Many of them receive salaries; they need to keep themselves busy with something. So they jump into economic affairs, which they consider as simple as soccer. Urban economic management, however, is the most difficult job I have ever experienced, despite the fact that I had been involved with such processes, such production tasks as many deputies could not even imagine in their dreams. My predecessor G. Popov was right in relying on professionals in forming the organs of executive power. In St. Petersburg, on the other hand, they took a different approach and removed most of the experienced personnel; as a result, a dangerous situation has emerged there. I also began to extend offers to those among the deputies who have the potential for gaining experience and working successfully in the system of executive power. We have "drawn" quite a few people from there, and I do not regret it. Such prefects as Tolkachev or Sister came in on the wave of promoting new leaders. Nevertheless, the flat distrust on the part of the deputies towards the executive power is not diminishing, despite the fact that the manageability of the city is maintained. Also, the deputies imagine that the executive power, being in charge of property, must necessarily abuse it, use its prerogatives for the purpose of enrichment. There is a constant outcry about the corruption of the executive branch. Instead of taking the road of the law, checking everything out, and finding out the validity or prejudice of assumptions, the deputies prefer outright accusations, acting upon the old saying that one cannot be near the water without getting one's feet wet.

In order to stop the groundless allegations, I tell them: Esteemed deputies, take the economic functions from us, but then you also assume the responsibility for carrying them out. They do not mind the management part, as

long as the responsibility rests with the organs of executive power. What is wrong with the principle: If you are doing the job, you are also responsible for it?

[Solomonov] Listening to you one gets the impression that the deputies are some sort of enemies of the people...

[Luzhkov] No, that is not correct... Not all of them. I would divide the deputy corps into three categories. The first are those that understand their business potential and abilities, can be trained, and work fruitfully with the organs of executive power. Many members of this group have moved over to the executive branch and work well there. Which, by the way, elicits special dislike on the part of those who did not make it.

The second group of deputies are those who stayed at their jobs. They are the directors' corps, prominent specialists, public figures. They mostly carry out their deputy duties at the sessions. They have found a way to apply their public service activities and do not want to work in the executive branch or be full-time deputies. They do not attend deputy "hearings." They do not have time for this. They understand the hollowness of stormy debates. You would not believe it, but the deputies have managed to not raise a single serious issue at the sessions. Why not, for instance, discuss the government of Moscow's city development program or the state of transportation system or health care? No. During the whole of last year they discussed one issue—education; this year, they did not handle any such issues at all.

Finally, the third group of deputies. The most intriguing one, which would be interesting to analyze from the point of view of social psychology. They regularly attend the sessions, but have not found a place for themselves in the executive branch. Why? I can answer this: Because their credo can be summarized by one phrase: "Down with!" Their effect on the situation in the city is destructive and destabilizing. I do not know of a single issue on which they have voted in a businesslike manner.

I will tell you one secret. I believe that in order to effectively combat crime-engendering phenomena in Moscow, we should introduce a special resident status for citizens from foreign countries—both near and distant. Moscow should define special terms for their coming here, living and working here. This, by the way, is practiced in any civilized country.

I prepared the proposal and kept thinking: How do I get it through the Moscow Soviet? If I present it personally, it will be rejected. So I asked that the fact that it was my initiative be kept quiet. Moreover, it was recommended to some deputies to pass this decision quickly so Luzhkov would not get a head start on them. And they did pass it quickly!

[Solomonov] All right, Yuriy Mikhaylovich, let us accept the assumption that you have got not the best bunch of deputies. Rowdy, in short. But the people also are not happy with the mayoralty's work. You are being berated all over the place...

[Luzhkov] This we also need to sort out—whether the criticism is always justified. I showed you the figures—the indicators we have as compared with Russia and St. Petersburg. You could see for yourself that we have a lot to show for our work—with respect to housing, and by many other indicators, including privatization.

Yes, people berate us. But let us look whether they are always right... Do you know that since the current deputy corps was elected about 300 construction projects have been suspended? Let us say, we need to build a new residential building not far from one that is already completed and inhabited. The people who live in that one come out and say: We will not allow you to build here. Why? You will build another one, and there will be more crowds in our store. And at the bus stop, too. Similarly, we have been prohibited from building child-care facilities, schools, and polyclinics. The construction of bakery plant No. 17 was suspended. Construction was frozen for two years until a collective of directors of other plants got together and announced: We are not going to deliver bread to this rayon of Moscow; you will have to travel to other parts of the city to buy it. This sobered the deputies. This is despite the fact that all expert evaluations, including environmental, permitted the plant to be built. Now it is operating, and is not a nuisance to anyone, but a year and a half was lost. Or what about the Northern TETs [Central Electric Heating Plant]?! You see, I am tired of worrying. Tired of worrying how the northern part of Moscow will survive the winter. In February 1992 we had a freezing week that nearly resulted in catastrophe. The existing TETs did not provide enough heat for the northern part of the city. The heat content of water started to drop. We had to pull off mind-boggling reshuffling in order to somehow to maintain the temperature. A few more days and the whole thing would have collapsed. Because of protests, 800,000 square meters of housing was not built in the Northern TETs area. The builders lost their wages, the financing was suspended, people started leaving. Now about the main reason for the protests—ecology. It would be good if the judgment on this situation were issued by specialists, professionals, rather than by deputies who are "experts" on all problems. The Northern TETs has a Western, best of all possible, purification system. And here is an example for you: The Mytishchi City Soviet refuses to let us build the TETs, and then in another letter asks us to increase the amount of heating for their city. Where is the logic in this? Would they stop and think for at least a second that the Northern TETs has a 250-meter high smokestack! This discharge will never touch either Losiny Island or Mytishchi. Besides, the discharge from the station is within the toughest European standards. Even the most sensitive measuring devices will not detect this concentration. We should never take leave of logic and common sense. Especially now. Let us not forget that we have become poor. And poor people should think more about how to become richer.

The Northern TETs gives us an opportunity to idle other stations for capital repairs and equip them with purification systems that meet modern standards. This way I

can idle one or two stations at a time for repairs, and then in five to seven years Moscow will have a completely different ecological situation.

[Solomonov] As you are saying these things, I catch myself thinking that the situation in Moscow is a mirror image of the situation in Russia...

[Luzhkov] Yes, the nature of the phenomenon is the same, only the scale is different. The same desire on the part of the deputies to usurp the executive power, to manage everything and everybody without accepting responsibility for anything. This is first thing. Second, our experience provides food for thought. Take privatization of housing. So many options have been proposed! We chose the one that gives away housing free of charge. And immediately there were buckets of mud poured on us: Look what they did for those who have more living space than others! We have overcome this, however, and started privatization, although our opponents kept shouting: Do not go there, do not privatize, everything will be taken away from you. The same way Borovoy now uses Luzhkov to scare off Western investors. He exhorts them not to deal with Moscow because ostensibly all deals made with the government of Moscow are illegal and will be revoked. Some patriot—talking partners out of helping Russia!

[Solomonov] The issue of foreign partners brings us back—whether we want it or not—to the topic of corruption. "They are selling off Russia," "farming Moscow out to foreigners," "our mafia is becoming international," and so on, and so on. What is behind this? Dangerous phenomena? Or is it that the public mind steeped in myths creates its own phantoms?

[Luzhkov] I think it is both. Let us start with the fact that corruption has always existed, in any society. The degree, the depth of penetration depended on how stable the society was. During a transition period such as we are in now, today's corruption is expanding in scale. This is natural, because a colossal revolutionary change is underway.

Despite this change, however, the Russian economy is alive. I am firmly convinced of that. It has found itself in a difficult spot, has weakened. It is another matter that we have destroyed the system of economic ties. But this was also a goal proclaimed by the reformers: to break centralized planning, state-mandated price regulation. We did break the old system, but we have not yet created a new one.

So today the outcry from impatient or not too literate people is caused by the fact that they want to replace the old system with a new one painlessly. This is utopian. The economy is handled by people who acquired all their experience in the old system. They are being pulled back there all the time. We do not have the human resources—the directors, the managers—who understand all the nuances of functioning in the new economic environment. Most of the important institutions for this economy have not been created. Take the commercial

banking system... It is geared to momentary credit. Our banks today are oriented towards "grabs." There is no state border, no customs. There are no established economic ties with nearby foreign countries, no system of mutual clearing that would protect the interests of Russia. These, and many other things, provide a fertile soil for corruption. Also, the normative decrees and laws on combating corruption have not been worked out yet. We speak of corruption in the civil service; well, I want to ask a question: Tell me, is there a definition of a civil servant? Let us say there is proof that a person is corrupt... what legal measures can be applied to him? If we start looking into this, it turns out than nothing has been worked out in this respect as well.

The prime item on the agenda is to develop a law on combating corruption. A law that would define the notion of a "civil servant," a "municipal employee," and that would define corruption. And the measures of punishment, too. Then there will be no false rumors. Everything must be regulated by the law. For instance, I am the mayor of the city, but I am also the president of the Sports For Everyone foundation. The president of a foundation for assisting small business. And a number of other different organizations... So they say: He works as mayor and is also president of everything.

Yes, also president! Thank God, I have enough energy. The point of principal importance, however, is that from all these foundations I have not received, do not receive, and will not receive a single penny.

[Solomonov] All right, let us say you do not receive a penny. But when, for instance, the soccer club of which you are honorary president decides to raise the question of building a new stadium, you as mayor will allocate the best lot for it—only because you are the president of this club. Indirectly you have created a privilege for this club. Is it not so?

[Luzhkov] Of course there is a danger that you will lobby for your club, your foundation, etc. This means that we need a mechanism of land allocation—a competition, an auction. If you as mayor have violated the procedures, you are held legally responsible. If you have not, then you should not be under suspicion just because you happen to hold a job associated with the distribution of some benefits.

[Solomonov] Have you personally, Yuriy Mikhaylovich, had encounters with corruption?

[Luzhkov] Of course. My experience in dealing with economic matters often tells me that some decisions made by various structures smell bad. In such cases we immediately assign the task to the control and audit administration or the city's chief auditor. I can give you the latest example. Some time ago a company called Moskomhefteproduktiya [Moscow Committee for Petroleum Products] "showed its true face." A new chief was appointed who almost immediately transferred about 20 gas stations to another company. Having acquired ownership, the company immediately raised prices for 92-octane gasoline to

R32 per liter. If a liter of gasoline costs R7 more, this brings in millions a day! I ask: Who signed the contract? The new boss. Who approved it? Nobody knows. Does this not smell bad? Yes, people have become insolent when it comes to crime.

[Solomonov] There is a reason behind the insolence. First and foremost, how incommensurate the honest pay of a bureaucrat is with what he is offered for the "favor."

[Luzhkov] In Germany, when a person becomes a municipal employee he receives a bigger salary. He has a completely different rent on his apartment. He has benefits that make him work by the rules and regulations. If he violates these rules, or abuses his position, he is kicked out. He no longer has a right to work in such organs. He loses so much that it is incommensurate with what he took. The official does not have any incentive to take a bribe...

[Solomonov] Yuriy Mikhaylovich, the press frequently accuses you of various—and serious—violations of the law. Why do you not reply?

[Luzhkov] I have lost all hope. I sued in court on five occasions for lies, direct lies about me. The proceedings in some of them have long been completed. The result—zero.

[Solomonov] You lost?

[Luzhkov] No. I won. With a lot of procrastination, with respondents not showing up in court, and so on. What a drag! For me, with my personality, this is the worst. For instance, I demand that punitive measures of the financial kind be applied; instead, the decision is to publish a refutation. Financially—zero! For the perpetrator it is less than a mosquito bite.

I am convinced now that it is absolutely hopeless to try to get any results. We need the law on the press to work. Also, inner discipline, integrity, responsibility for words and actions. There is a journalist, Aleksandr Minkin. I respect him very much. This incident occurred: I sued a newspaper, and he got indignant and wrote an article: Look, Luzhkov again wants to put restrictions on the freedom of the press. I told Minkin then: If a newspaper is lying, if a journalist has insulted someone by his criticism, he has to be held responsible—morally and financially.

There is another reason why it is difficult for a mayor to sue... Even if he wins, the judges will undoubtedly hear: "You have been bought! How much did the mayoralty pay you; how much did Luzhkov give you?"

All in all, I can tell you that these days a professional, an economic manager does not get any esteem. He is not considered to be an important individual in society... It is he, however, who makes the economy run. When he succeeds in something it gives him no less joy than for an artist to paint a good painting.

[Solomonov] We are not discussing politics. Still, as mayor, do you sense the degree of social tension in the city? What is the pulse of Moscow today?

[Luzhkov] The situation in Moscow shows a trend towards stabilization. I recently visited the ZIL [Imeni Lenina Auto Works] and talked to the leadership there. The ZIL lives on and is revitalizing its potential, shaking up its personnel. They are beginning to get rid of those who violate production discipline, which they have not done at all lately. Those who left the ZIL are coming back. We are not able yet to recruit skilled cadres from enterprises undergoing conversion—the ZIL's image as a plant that mostly employed unskilled laborers working there in order to get a Moscow residence permit has established itself over time. But it is gaining the momentum.

Economic stabilization ought to calm down political passions, or at least smooth them somewhat. Many people, however, do not want life in the country, in Moscow, to stabilize. Their principle: The worse it is, the better it is. They are political figures who, sensing that the situation is beginning to stabilize but having not found a desired place in the system, began to muddy the waters. Look at all the activism on the part of the Civic Union, the Russian National Assembly—this chauvinistic organization... and some other political parties. Alas, all that many of them can do is blabber and incite the people. Today, speaking of a civic position, we must engage in constructive work.

Of course, the social situation is tense and difficult. Society has become stratified. There are those among the needy who are not able to work (age, health, disability, and so on). Families with many children and single mothers also need help. There are, however, others who are able to work but cannot find themselves in the new situation. Employees of enterprises undergoing conversion, people in the science and arts find themselves in a difficult situation. In this respect assistance may be provided through a system of orders—with respect to scientific enterprises or those undergoing conversion; in the cultural sphere—through subsidies to creative collectives.

We intend to hold a joint meeting of the government of Moscow and the presidium of the Academy of Sciences. We are thinking of ways to help academic institutions. The city has good orders for development of scientific and technical problems—perhaps at least we can place them so that the scientists will benefit.

[Solomonov] My last question: regarding Moscow's appearance. Many people complain about it. I am ashamed to confess it, but Moscow of the times of Promyslov and Grishin comes to mind: Everything was shining and spiffy. Not to mention the roads...

[Luzhkov] Wait a minute, what about the roads?! It is general opinion that the roads in Moscow have improved. Next year we are increasing even more the volume of repairs, and Moscow will have more or less European roads within the city limits.

We have promised Muscovites to stem the trend of rising crime before 1993, and perhaps even turn it around. I am on firm ground in promising this.

Let us meet on the same day in 1993, and you will agree that the center of Moscow will have changed for the better. There is a program. We will fix many buildings and give city center housing back to Muscovites.

There is a lot of work, but Moscow will become better!

#### Moscow Militia Chief on Actions To Combat Crime

934C0591A Moscow MOSKOVSKAYA PRAVDA  
in Russian 3 Dec 92 p 4

[Interview with Vladimir Iosifovich Pankratov, new chief of the Moscow Main Directorate of Internal Affairs, by A. Osinskiy; date and place not given: "Crime Epidemics Can Be Stopped, but One Must Work at It Without Rest"]

[Text]

Vladimir Iosifovich Pankratov, the new chief of the Moscow Main Directorate of Internal Affairs, has served in public law and order organizations for over 30 years (he is now 53 years old). He worked in criminal investigation, municipal directorate of public safety, and headed the district Administration of Internal Affairs and the municipal State Motor Vehicle Inspectorate. Thus, he knows militia service from every aspect and not only from a director's easy chair.

Naturally, the first question was the following:

[Reporter] How do you assess today's situation in Moscow from the point of view of a professional?

[Pankratov] Probably about the same as the majority of Muscovites. Crime is not letting up. On the contrary, it is growing to threatening proportions. Since the beginning of the year it has increased on the whole by more than 20 percent, and in various types of crimes—by one and a half to two times. Extreme measures need be taken.

[Reporter] Does this mean that the militia no longer works as well as it did?

[Pankratov] If one goes by formal logic, then of course it would be odd to maintain the opposite. For a person who has been robbed on the street—and unfortunately there are more and more people who have been—that kind of a statement would simply sound as if we were mocking him. But if we look at the present crime wave as an epidemic, we could say with full confidence that the workload for militia employees has increased by several times and that despite all the minuses in their work, they have had some positive results, too. As of right now, employees of the criminal investigation and other investigation offices have uncovered 30 percent more crimes than for the corresponding period last year.

But we cannot flatter ourselves, and it would be a mistake to set our hopes solely on law and order organizations. Modern science has shown that some 250 different factors influence the crime level in any society, and that the desired results cannot be achieved through the efforts of the militia alone. First of all, cardinal changes must be made in the economy in overcoming—to put it delicately—a disrespectful attitude towards laws, a disrespect that can be seen today on every step of

the social ladder and a disrespect that has not bypassed many government organizations.

**[Reporter]** In a meeting with a representative of one of the central newspapers, you said that it was time that we "quit waiting at the shore for good weather and quit nodding our heads at shortcomings in legislature," that it was necessary for us to "determine the direction of the main strike and hit back at crime." How should we understand this? Do you believe that there are enough existing laws to be able to fight crime successfully or are some actions contemplated that are extra legal? And what are the directions of the main strike?

[Pankratov] No, I do not believe at all that our legal system fully covers the new requirements of fighting crime or that any criminal could be given what he deserves fully on the basis of that law. But let us remember, as an example, the same kind of racket against which law and order and law enforcement organizations allegedly could not fight because there was no applicable law. And anyway, is this really such a hopeless situation? Let us take a look at what these words of foreign origin mean in translation: blackmail, extortion, and intimidation—words used by gangster gangs. Do you think that our legislation is totally unfamiliar with the definitions of blackmail, extortion, and intimidation? The only thing you have to do is replace the word "gangsters" with our more familiar word "bandits." Replace the word and deal in full with those committing the crimes, and meanwhile do something about working out a law that would cover this entire "bunch" of crimes in one fell swoop. That's what I mean when I say "quit nodding our heads at shortcomings in legislature."

Or take vagrancy. We really do have a large problem now, because an article of the law dealing with punishing vagrancy as a crime has been repealed. But we do have an administrative law and instructions that permit us to fight this crime, so that the streets of our capital will have fewer vagrants, beggars, and similar types who clearly do not improve the atmosphere in our society. Here, I do not in any way include people who have found themselves in trouble through unfortunate circumstances. The attitude towards them is completely different. On the other hand, I consider it essential to clamp down on so-called confirmed vagrants and professional beggars who hoodwink the public and turn their pastime into a comfortable existence.

**[Reporter]** Excuse me, but is this one of the directions of the "main strike"?

[Pankratov] As they say, it is your right to be sarcastic. But let us finish answering the preceding question, the continuation of which also essentially includes your last remark. We do not intend to take any action outside the framework of existing laws, much less take arbitrary action. That is a straightforward answer. With regard to the direction of a main strike, it is possible that I shall

also disappoint whomever is expecting exciting militia battles on our part. Everything is much more prosaic.

In laying out a program for our future activities, we have turned to a scientifically based prognosis of crime development.

**[Reporter]** Development?

[Pankratov] Exactly. How crime will develop in the next five years, inasmuch as criminal activity in society—including the West—whether we like it or not, is evolving and taking on new forms. We added our present realistic capabilities to this prognosis, as well as our projected capabilities. (Capabilities, as you well understand, leave one to hope for the best). We compared how this social prognosis and the actual crime situation "match up" with the mood of the population, that is, what worries people today more than anything else. We concluded that street crime was the answer, and strange as it may seem, automobile theft. Actually, that is not so strange: An automobile today costs a huge amount of money, and this material loss for most people, quite frankly, drives them to despair. If you consider that the number of private automobiles stolen per day is 6-10, and we impound, find, and return an average of 3-4 autos to their owners, it is not difficult to see the repercussions.

Why is it that street crime, including hooliganism, is so prevalent? Because it is, in its own way, a social barometer. If we do not pay the necessary attention to hooliganism in our lives and on our streets, and do not take strong action against it, this hooliganism will inevitably grow into more serious crimes up to and including murder, because when this crime can be committed with impunity, a breeding ground then develops for all kinds of crimes.

When officials are forced to talk about shortcomings in the work of our militia, they invariably refer to its poor technical equipment and compare it to the West. You also mentioned this. But does the reason have to do only with equipment? And is it even the main reason?

And what are we talking about here? Everyone knows what kind of technical and material equipment we have: An automobile pool, a communication system, weapons, and equipment; everything on a level of not yesterday's but the day before yesterday's technological level. There is nothing to compare; you would just ruin your nerves.

Now take a look at this magazine that is on my desk. It advertises equipment that the police of several Western countries have in their inventories. See this police car: 340 horsepower; no other auto can get away from it, except for a sports car. It is so durable that during test trials it flipped over three times, and all that happened was a cracked windshield. We won't even talk about all its technical equipment.

So, are we going to complain endlessly about our poverty?

Why should we? It does not mean that we are going to sit and complain for those five years for which we have a program to fight crime. Maybe we shall do something about it. The Moscow government is trying to do everything it can today to give us the necessary help and to find the funds we need. Then we shall get the same kinds of cars and communications systems and electronic equipment, and not just foreign-made equipment.

Recently, on November 26th, there was a meeting between Yu. Luzhkov, the city mayor, and the director of the Main Directorate of Internal Affairs. It was probably the first time in the years of my service in the militia that we received such attention from the municipal authorities on the status of law and order. Judge for yourself. The mayor took it upon himself to handle coordination between law enforcement organs and government services. The functions have also been given to primary persons—the prefects—in the city's oblasts. Extra measures are being taken to fight crime and to help organs of internal affairs, which will be examined at one of the coming meetings between the municipal government and the collegium of the Main Directorate of Internal Affairs. Real steps are being taken on a broad range of social and material-technical problems that have accumulated in the militia. For example, we are looking at the municipal budget increasing wages by 2-2.2 times for militia employees, so that the minimum annual salary will be 20,000 rubles. Significant hard currency funds will be allocated for purchasing and updating communications systems and special automobiles. The headquarters' infrastructure will be developed with additional service buildings, training and sports facilities, and an increased capability for dog breeding and keeping horses. Other organizational and operational measures are also being planned. Our goal is to stabilize the crime situation in the city in the first half of 1993 and stop the growth of crime.

We are also getting a response today from economic organizations that understand the necessity of putting a reliable barrier in the path of raging crime if we are to have a normal development in our economy and the establishment of a market.

**[Reporter] The city now has municipal militia. In your opinion, what place should it have in the system of law enforcement organs?**

[Pankratov] I think that this will be the militia of the future. In the first place, in the majority of countries all types of militia and police are paid out of municipal funds. And second, Moscow is specifically a very complex city for militia work. People who work here have to be very familiar with the unique aspects of this megapolis and the way of life here. In other words, we would like this kind of militia to be able to resolve the full range of problems in the area assigned to it, problems dealing with protecting Muscovites' interests from being infringed upon by various violators of the law and criminal elements. It must be the full range of tasks, not only individual local tasks, as so often happens now

under the present intra-departmental division of responsibilities. I would think that mostly Muscovites should work in a municipal militia, and personnel should be selected in accordance with higher requirements. These should be people who are well prepared in every way—physically, psychologically, and professionally.

#### **Moscow Soviet Secret Ballot Vote on Election of Mayor Noted**

*934C0620A Moscow SOVETSKAYA ROSSIYA  
in Russian 22 Dec 92 p 4*

[Article by B. Chetverikov, deputy to the Moscow City Soviet: "Mayoral Election Will Be Held"]

[Text] Yesterday the Moscow City Soviet held a secret vote on the question of the election of the head of the administration; 322 deputies took part in it. One hundred, eighty-one deputies voted for holding an elections for the head of the administration of the city of Moscow, and 135 voted against; 6 abstained. Thus, a mayoral elections is not far off.

#### **Counterfeit Residence Permits Trafficking in Moscow Detailed**

*934C0620B Moscow IZVESTIYA in Russian  
22 Dec 92 Morning Edition p 8*

[Article by Vadim Belykh, IZVESTIYA staff: "One-Way Ticket"]

[Text] The Moscow Criminal Investigation Department has arrested a group of foreigners making money on the sale of counterfeit residence permits for Russia. This sensational case grew out of a vulgar fist fight.

Three Indians met with a young Nigerian in Moscow's Slavyanskaya Hotel. After a 10-minute acquaintance, the latter graciously offered his assistance in exchanging foreign currency for rubles. But the main thing is that the African undertook to fulfill his new friends' long-standing dream to remain a little longer in the country of victorious democracy. Specifically, for a modest compensation, he would provide them with Russian residence permits. The citizens of India did not doubt for a second that the emissary of fate and the dark continent in Moscow could do everything, and they joyfully handed him their passports. And he did not let them down.

When, along with two comrades who were also from Nigeria, he led his clients several days later to a secret apartment, everything there was perfectly fine. The time had come to shake hands and part. And at this point it turned out that the two sides' views on the payment for such form of service differed widely. By approximately twofold. Possibly on account of the language barrier, the conversation that began on this subject ended in a scuffle. As the result of a brief battle, one of the Indians had his head smashed, after which they capitulated. The

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victorious citizens of Nigeria shook out all their conquered enemies' cash and dropped them down the staircase. But without their passports.

Recalling the existence of law-enforcement agencies in Russia, the robbed individuals rushed to the militia. Granted, in the process of the investigation it turned out that they had completely forgotten where the building in which they had been fleeced was located. But luckily the Africans themselves telephoned their victims, offering to let them pick up their ill-fated passports for a small compensation. Instead of the beaten-up Indians with money, criminal investigation employees came to see them with handcuffs and the article of the criminal code that makes robbery an offense. And the citizens of Nigeria came to know the distinctive characteristics of the penitentiary system of the country for which they had sold residence permits so long and successfully.

And the business, evidently, had been extremely prosperous. A search of the arrested men's apartment turned up another 66 foreign passports awaiting the cherished inserts. The Nigerians operated virtually in the open. Not contenting themselves with Moscow, they would visit other cities, seek out clients, and with the help of generously-compensated acquaintances, supply them with the documents for a trouble-free residence in Russia. The main people to take advantage of the "firm's" services were illegal aliens from India and Pakistan. And the emissaries of Nigeria, voluntarily assuming the functions of the Russian Ministry of Foreign Affairs, refused almost no one. The number of people who found themselves a new homeland with their assistance has still not been precisely counted.

However, as it turns out, no one really knows how many illegal aliens from remote foreign countries with counterfeit documents and without them are inhabiting Russia's boundless expanses today. Besides the repeatedly described citizens of Vietnam and China, thousands of people from India, Pakistan, Afghanistan, Iran, Syria, Lebanon, Iraq, Ethiopia and Somalia are roaming Moscow alone in the freezing winter weather, living no one knows where and on no one knows what. (We have already written about this in Issue No. 268.)

According to Nikolay Kovalenko, deputy director of the Visa and Registration Administration of the Russian Ministry of Foreign Affairs, they include a good many former students and simply people who worked here or came here on business trips. With the expiration of their visas or residence permits, they simply go into the underground, not wanting to return to their historic homelands. To be sure, they do so after having sent invitations home to their relatives and friends. Evidently so they won't feel dreary in the underground.

Many of them who come to the attention of the Visa and Registration administration come to Russia under the guise of tourists. Naturally, without return tickets. Others arrive with counterfeit invitations, which can be acquired in many cities of the East and Africa. Granted,

lately the price of them has dropped. People prefer to get here via Azerbaijan, Georgia, Tajikistan and Ukraine, where formalities at the border are considerably fewer.

In the words of the "deserters" themselves, in Central Asia and the Caucasus, in the general confusion, for money one can acquire a local Soviet passport (which, for all practical purposes, is a general passport for practically the entire former USSR) and go farther, wherever one needs, without any problems whatsoever.

But everyone needs something different. In the opinion of Ministry of Security officials, because of the transparency of borders, a good path for traveling to Europe and back has been opened up through Russia and the other republics of the former Union for terrorists and representatives of Middle East crime communities. No tracks are left behind on that road. But those, of course, are isolated individuals. A very large number of people who have found themselves in Russia simply yearned to get to Europe in the search of a better life and confronted a distressing peculiarity: getting from poor countries to our country is simple, but getting from our country to rich ones is virtually impossible. The border that is transparent in some places is well locked in others. But not for everyone. I was told in the Visa and Registration Administration that it is no secret that today in Moscow one can buy any documents, including "red" foreign passports with which, as a "Russian tourist," one may journey farther. They cost a lot of money, and few can allow themselves such a luxury. The rest get stuck.

There are also a good many of those who have no thought of going farther, but are simply fleeing hunger, wars and poverty. For them, our country, shaken by economic victories, is a desired haven. It is not Switzerland, of course, but it is not yet Ethiopia, either. People find some way to live.

Although everyone recognizes that the people who have gathered in Russia and, in sizeable part, in Moscow, are by no means from well-to-do countries. And they have not undergone medical examination at the border. Plague, cholera and AIDS may turn up here, as well as diseases that are still unheard-of in Russia.

But once again no one can say exactly. The life of the semilegal communities proceeds in secret, with minimal contact with the outer world. For example, like "little Beirut" in the underground passageway under Pushkin Square in Moscow, where well-dressed representatives of the Caucasus, Lebanon, Pakistan, Iraq, etc. crowd together for days. The militia sees nothing particularly criminal in that.

Let people live as they want, but isn't something more needed?

### Nizhgorod Residents Polled on Goals, Activity of Congress

934C0628A Moscow ROSSIYSKAYA GAZETA  
in Russian 19 Dec 92 p 1

[Article by Andrey Shishov: "And the City Thought It Was a Power Struggle"]

[Text] NIZHNIY NOVGOROD. The newspaper NIZHEGORODSKIY RABOCHIY has published the results of a quick survey on the just-completed Seventh Congress of People's Deputies of Russia.

More than 70 percent of Nizhgorodites believe that what took place at the Congress was a struggle for power among representatives of the ruling elite, and only 10 percent were convinced that the deputies were truly occupied with searching for ways to escape the extended crisis. At the same time 32 percent supported the President; but there was also an increasing number of those who stand behind the country's highest state organ: namely, 25 percent. Approximately the same number sees no reason to support the President, nor the parliamentarians.

As far as the change in the head of government is concerned, the majority of Nizhgorodites are worried about this. Almost 40 percent do not approve the reform activities of the cabinet, although 29 percent are ready to accept them.

Yet another characteristic feature: the transformations are supported at those enterprises where the wages are pretty decent, in particular at the automobile plant. And those who can barely make ends meet have a negative attitude toward the reforms.

## INTERNATIONAL AFFAIRS

### Changing Role of COCOM Pondered

934P0045A Moscow KRASNAYA ZVEZDA in Russian  
24 Dec 92 p 3

[Article by M. Pomonarev and Gennadiy Khromov: "COCOM Changes Its Guidelines"]

[Text] Until recently, the Coordinating Committee for the Control of Exports—COCOM—has remained one of the most odious vestiges of the era of confrontation. Established back in 1949 at the insistence of the United States, this committee, to which all the NATO states (except Spain) plus Japan and Australia belong, became a Cold War instrument in Washington's hands.

For many years COCOM's functions and the nature of its activities were kept in deep secret. Even the address of its headquarters was concealed from the public. Nonetheless, it was known that its objectives included monitoring to prevent the sale to the USSR and its principal allies of equipment and technologies that might have defense uses or be of so-called "dual use"—be used in

both the military and civilian branches of industry. The lists of goods forbidden to be exported was kept secret for a long time. Granted, the Western press reported that it included tens, perhaps hundreds, of thousands of items.

COCOM's bans and restrictions had several purposes. First of all, to ensure the West military supremacy and prevent the USSR and its allies from keeping up their military potential. But that was not all. The task was set of isolating the Eastern bloc states in the realm of international trade, imposing unequal conditions on them, damaging their economies, depriving them of access to scientific and technological advances, and dooming them to backwardness. A considerable place in COCOM's bans was occupied by the United States' desire to protect the interests of its own corporations from competition, sometimes competition coming not so much from the Soviet Union as from its own partners. Suffice it to recall the scandals that once broke out in connection with the USSR's purchase of large-diameter pipe, gas-pumping equipment, or machine tools from the Japanese Toshiba company. To satisfy the American monopolies, the violators of the "rules" that had arbitrarily been set by the United States were subjected to harsh sanctions and sustained large losses. It is with good reason that the Western press called COCOM Washington's "watchdog."

As long as the Cold War continued, Washington's allies reconciled themselves to that situation. But when its ice began to thaw, they would tolerate it no more. At their insistence, in 1990 the United States was forced to undertake a reduction of COCOM's lists of banned items. In February 1992, Hungary was removed from the committee's "black book." After it came Poland and certain other East European states.

Several more months passed, and Russia and the other CIS countries got their turn. The opportunity was also presented for them to gain access to the West's advanced technologies, except for such areas as munitions, high-speed computers, special materials used in aviation construction, and high-precision machine tools.

However, in those branches where bans were supposedly lifted, at first profound restrictions were still maintained. Thus, Russia was allowed access to advanced telecommunications equipment, and the ban was lifted on the purchase of fiber-optic cable (especially since it can now be obtained in at least 10 countries not belonging to COCOM). But territorial restrictions were imposed on its use, in particular, in Siberia. Granted, now this problem is being removed, and restrictions in that area are being lifted. COCOM is taking a new step. Its leaders have finally reached the conclusion that there are no longer any political reasons for discriminatory practice in relation to the countries of the former USSR.

At the end of November in Paris a meeting was held on cooperation between COCOM members and those against whom its efforts had hitherto been directed. The

East European countries, the Russian Federation and other states formed on the USSR's territory (except for Tajikistan, Uzbekistan and Turkmenistan) took part in it.

There was fairly general agreement that the former obstacles to the transfer of the latest technologies no longer existed. Paths are being opened for the arrangement of cooperation between former adversaries in the Cold War.

It would seem that now all the discriminatory restrictions in relation to our country and the other new states will be immediately lifted. But everything is not so simple. COCOM's "Berlin wall" has not yet fallen. The Western countries' representatives have now started talking about "technical barriers" that must be removed in order to provide for cooperation, and are pointing to certain reasons interfering with its development.

First and foremost among such reasons is the need to establish a system of reliable export control in the new states. There is a logic in raising such a question. After all, if a given country receives a new technology that can be used for military purposes, it is a matter of concern to the world community where that technology might "get away" to. But the conditions for cooperation continue to include those that, to put it mildly, "smell" of discrimination. The new states—and Russia is included among them—must, in COCOM's opinion, provide a guarantee that the technologies obtained will not be used for military purposes. Moreover, the possibility must be granted of verifying that those technologies are being used for their intended purposes.

Yet the Western countries do not impose such conditions on one another when they exchange any technologies on a commercial basis. All technologies, materials and equipment, as a rule, are used by their buyers as they find convenient and advantageous. Incidentally, in transferring, for example, high technologies in the field of space to the United States, Russia does not make any demands to monitor their use, either. So who needs a dual standard? Or is it simply the forces of inertia that are at work?

Most likely, that is precisely the case. While removing restrictions on exports to one group of countries, the leaders of the leading Western states are rushing to impose them on another group. The press reports that an agreement has been reached among the G7 countries on banning the sale of conventional weapons, as well as industrial output that can be used to produce weapons, to Iran, Iraq, Libya and North Korea.

Such restrictions, writes the Japanese newspaper NIHON KEIZAI, are being applied for the first time against countries not belonging to the so-called "Communist bloc." In practical terms, the newspaper points out, the items subject to restrictions on export to Iran and the other states mentioned will be not only conventional arms but also materials connected with nuclear power engineering and "dual-use" industrial goods. For all intents and purposes, this is the same COCOM and the same restrictions that were applied for many years against the former USSR and its allies.

Yes, it is obvious that COCOM is changing its guidelines. Nonetheless, the rumors of its death are still clearly exaggerated.

## POLITICAL AFFAIRS

### Statute on State Committee on Questions of State Borders

#### Text of Statute

935D0161A Kiev GOLOS UKRAINY in Russian  
5 Dec 92 p 7

[“Statute on the State Committee on Matters of Protection of the State Borders of Ukraine”]

[Text]

1. The State Committee for Protection of State Borders of Ukraine (Goskomgranitsa Ukrayny) is the central organ of state executive power whose leader, in keeping with the Constitution of Ukraine, is a member of the Cabinet of Ministers of Ukraine.

The Committee implements state policy regarding border questions, participates in the development and realization of general principles of legal documentation and protection of state borders of Ukraine and its exclusive (maritime) economic zone and improvement of the system of measures for ensuring their inviolability, and performs the functions of the central administrative organ of the Border Troops of Ukraine.

2. The State Committee for Protection of State Borders of Ukraine is guided in its activity by the Constitution and laws of Ukraine, the decrees of the Supreme Soviet of Ukraine, and the edicts and directives of the president of Ukraine, the decrees and directives of the Cabinet of Ministers of Ukraine, and also the present statute. Within the limits of its authority the Committee organizes the implementation of legislative acts of Ukraine and monitors their execution.

The Committee generalizes the practice of the application of legislative acts regarding questions within its purview, develops proposals for improving it, and submits them for the consideration of the Cabinet of Ministers of Ukraine.

3. The main tasks of the State Committee for Protection of State Borders of Ukraine are:

—to ensure the inviolability of the state borders of Ukraine on land, sea, rivers, lakes, and other bodies of water and protection of the exclusive (maritime) economic zone of Ukraine;

—to develop, in conjunction with central organs of state executive power, proposals for legal documentation of the borders of Ukraine with contiguous states and implement international agreements on questions of the regulations at state borders;

—to provide for the participation of Ukraine in international cooperation on border questions and fulfillment of the corresponding obligations ensuing from the international agreements of Ukraine;

—to monitor the execution of legislative acts of Ukraine with respect to state borders and the activity of the Border Troops of Ukraine;

—to manage the Border Troops of Ukraine.

4. The State Committee for Protection of State Borders of Ukraine in keeping with tasks assigned to it:

1) develops the legal, economic, and specialized military mechanism for protection of the state border of Ukraine and its exclusive (maritime) economic zone, determines the kinds of military service activity of the Border Troops of Ukraine;

2) manages all kinds of activity of the Border Troops of Ukraine, provides for their combat and mobilization readiness, determines the composition of the representative border apparatus, and guides its activity;

3) participates in international cooperation on border issues, develops, in conjunction with the corresponding central organs of state executive power, organs of the Republic of Crimea, and local state administrations, proposals related to fulfillment of commitments ensuing from international agreements of Ukraine regarding state border regulations;

4) in conjunction with the corresponding organs of state executive power, develops and submits to the Cabinet of Ministers of Ukraine proposals for improving the activity of crossing points over the state border of Ukraine;

5) provides for observance of border regulations in the border zone;

6) at the points for crossing the state border organizes the issuance of visas for foreign citizens to visit Ukraine temporarily;

7) assists citizens, organs of state executive power, enterprises, institutions, and organizations, and citizen associations in expanding trade and economic relations and other international relations;

8) provides information support for the activity of Border Troops of Ukraine, submits statistical information to the Supreme Soviet of Ukraine, the president of Ukraine, the Cabinet of Ministers of Ukraine, and state organs, and also regularly familiarizes the mass media with the condition of protection of the state border of Ukraine;

9) organizes delivery and effective application of all kinds of equipment and arms, and creates conditions for their installation, distribution, maintenance, and repair;

10) develops requirements for equipment and arms of the Border Troops of Ukraine, plans, organizes, and participates in conducting scientific research, experimental design, construction, and production work in the

sphere of its activity, monitors the quality of developments, and provides for state testing of new and modernized equipment and arms necessary for protecting the state border of Ukraine and its exclusive (maritime) economic zone;

11) conducts work for training and retraining personnel and staffing the Border Troops of Ukraine;

fills out papers for certification of officers, warrant officers, and military servicemen on regular duty, awards for personnel and workers and employees of the Border Troops of Ukraine, the conferment of military ranks, release into the reserve, and retirement of officers, warrant officers, and military servicemen on regular duty;

12) with its own forces and contracting organizations, provides for the construction of residential and service facilities;

13) supports the work of the Border Troops of Ukraine, provides for legal and social protection of military servicemen and their families, and uses the existing material base for providing them with social and domestic services;

14) takes measures for the development of business relations with the commands of border troops of countries with which the corresponding treaties and agreements have been concluded;

15) conducts editorial and publishing activity.

5. The State Committee for Protection of State Borders of Ukraine when performing the functions assigned to it interacts with other central organs of state executive power, organs of the Republic of Crimea, local state administrations, organs of local and regional self-government, enterprises, institutions, and organizations, and also the corresponding organs of other states.

6. The State Committee for Protection of State Borders of Ukraine enjoys the rights stipulated for Border Troops of Ukraine by the Laws of Ukraine "On Border Troops of Ukraine" and "On the State Border of Ukraine," and the decree of the Supreme Soviet of Ukraine of 4 November 1991 "On the Procedure for Staffing, Military, Material-Technical, and Financial Support for the Border Troops of Ukraine," and also the Law of Ukraine "On Universal Military Obligation and Military Service."

7. The State Committee for Protection of State Borders of Ukraine within the limits of its authority publishes edicts on the basis of and in execution of existing legislation and organizes and checks on their execution.

If necessary, the Committee publishes joint acts in conjunction with other central organs of state executive power and local state administrations.

The Committee's resolutions on questions of the regimen of the state border of Ukraine, border regulations,

and protection of the state border of Ukraine and its exclusive (maritime) economic zone published within the limits of its authority are mandatory for central and local organs of state executive power, organs of local and regional self-government, enterprises, institutions, organizations, and citizens.

8. The State Committee for Protection of State Borders of Ukraine is headed by its chairman who is the commander of the Border Troops of Ukraine and is appointed in keeping with the Constitution of Ukraine.

The chairman of the State Committee for Protection of State Borders of Ukraine bears personal responsibility for the performance of the tasks assigned to the Committee and the performance of his own functions, and he approves the structure and staff of the Committee's central apparatus within the limits of the maximum number and the monetary fund for maintaining and paying workers, as well as the statute on its subdivisions.

The Committee chairman and commander of Border Troops of Ukraine has deputies who, on his recommendation, are appointed by the Cabinet of Ministers of Ukraine; he distributes the duties among the deputy chairmen of the Committee and determines the jurisdictions of the Committee's structural subdivisions.

9. The chairman of the State Committee for Protection of State Borders of Ukraine and commander of the Border Troops of Ukraine, his deputies, the chiefs of administrations and divisions of the Committee, and the chiefs of administrations and detachments of Border Troops of Ukraine are assigned the highest military ranks.

10. In order to coordinate the solutions to pertaining to the authority of the State Committee for Protection of State Borders of Ukraine, a collegium is formed in the Committee consisting of the chairman of the Committee (chairman of the board), his deputies in various positions, and also other management workers of the Border Troops of Ukraine.

Members of the collegium of the Committee are approved by the Cabinet of Ministers of Ukraine.

Meetings of the collegium are held when necessary but no less frequently than twice a quarter. Decisions of the collegium are made by a majority of votes of collegium members attending the meeting and are enacted, as a rule, by orders from the Committee.

11. The maximum number of members and the monetary fund for maintaining and paying the workers of the central staff of the State Committee for Protection of State Borders of Ukraine are approved by the Cabinet of Ministers of Ukraine.

12. The State Committee for Protection of State Borders of Ukraine is a legal entity and has an independent balance sheet, accounts in banking institutions, and a stamp depicting the state seal of Ukraine and its name.

[Signed] *N. Khomenko, secretary of the Administration of the President of Ukraine*

**Presidential Directive Confirming Statute**

935D0161B Kiev GOLOS UKRAINY in Russian  
5 Dec 92 p 7

[“Directive of the President of Ukraine ‘On the Statute on the State Committee for Protection of State Borders of Ukraine’”]

[Text] Approve the Statute on the State Committee for Protection of State Borders of Ukraine (appended).

[Signed] *President of Ukraine L. Kravchuk*  
Kiev, 1 December 1992

**Rukh Evaluates Political Situation**

93UN0558A Kiev NARODNA HAZETA in Ukrainian  
No 48-49, Dec 92 p 1

[“Declaration of the Fourth All-Ukrainian Assembly of the Ukrainian People’s Movement on the Political Situation”]

[Text] Evaluating the overall state of the sociopolitical situation in Ukraine, we note that practically all spheres of state and public life have been affected by the deep crisis. This situation was created not only as a consequence of objective reasons—the historical circumstances of the establishment of Ukrainian statehood—but also as a consequence of reasons of a subjective nature, first and foremost the incompetent and essentially antistate and antipeople activities of the government of V. Fokin. As a result of these, the processes of destruction of the economy are proceeding at a threatening pace. Ukraine does not have all the necessary features and functions of a full-fledged state, and the situation in the sphere of international cooperation is unsatisfactory. The sluggishness of the actions of governmental structures has contributed to the creation and formation of regional political organizations whose activities are aimed at the destabilization of the political situation in Ukraine, violation of its unity, and the creation of an atmosphere of public dissatisfaction. Despite the appropriate instructions of higher officials, the symbols of a nonexistent state are still being used in some areas.

The assembly affirms the position of Rukh with regard to the need to withdraw Ukraine as quickly as possible from the Commonwealth of Independent States; the latter slows down the process of creation of the state and accommodates the imperial encroachments of the self-styled successor of the USSR—Russia. The assembly warns the president of Ukraine against the conclusion of unequal agreements with Russia.

The assembly believes that the problems of the stationing on the territory of Ukraine of military units not subordinate to the Ukrainian state must be resolved as quickly as possible.

The assembly notes that the increasingly determined attempts to revive the slogan “All power to the soviets!” are aimed at the full-scale restoration of the omnipotence of the communist nomenklatura and are leading to a slowing of construction of a rule-of-law democratic state according to the principle of separation of the functions of the authorities.

The assembly urges an intensification of actions aimed at the premature dismissal of the Supreme Soviet, which is increasingly a factor in restraining state and social development, and the holding of elections to the highest legislative organ of Ukraine next year on a multiparty basis.

The assembly emphasizes the desire for coordination of actions with political organizations that recognize the need to build a democratic Ukrainian state with regard to implementation of the concept of creation of the state.

The assembly expresses alarm at the increased activity of extremist political forces that create a threat to the stability of the state. We consider revival of the Communist Party with an ideology of Marxism-Leninism to be inadmissible. Rukh will try to institute charges against the CPSU-CPU (Communist Party of the Soviet Union-Communist Party of Ukraine), as an organization that caused suffering to the Ukrainian people that is unprecedented in history, and against the communist ideology, which sanctified these crimes. At the same time, we note the danger from right-wing extremist organizations which, speculating with nationalist slogans, propagate and use forcible methods in the realization of their aims. Such actions contribute to the strengthening of forces that openly oppose the unity and territorial integrity of Ukraine. The assembly points out to the Procuracy of Ukraine the need to ensure strict observance of Ukrainian legislation by such organizations.

The assembly affirms the declaration of the Third All-Ukrainian Assembly of the Ukrainian People’s Movement with regard to definition of the Ukrainian Insurrection Army as a combatant in World War II. The assembly demands that the Ukrainian Supreme Soviet stop delaying on this question.

The assembly believes that the activities of the new Cabinet of Ministers deserve the support of Rukh to the degree that they are aimed at pulling Ukraine from the economic crisis, constructing a state, and effectively introducing economic market reforms.

The assembly supports the energetic actions of the new government aimed at revealing and eliminating economic conditions for corruption.

With the goal of providing for the implementation of the tasks and goals of Rukh and of the execution of the program for creation of the state, the assembly considers to be advisable the participation of Rukh representatives

in the work of organs of state power and local administration and preservation of its membership in certain organs of the appropriate organizations of Rukh.

*6 December 1992, Kiev*

## ECONOMIC AFFAIRS

### **Head of Center for International Technical Assistance Interviewed**

**93UN0535A Kiev URYADOVYY KURYER**  
*in Ukrainian 27 Nov 92 p 10*

[Interview with Leonid Leonidovich Kisterskyy, head of the National Center for the Realization of International Technical Assistance to Ukraine, doctor of economic sciences, by Leonid Samsonenko; date and place not given: "Cooperation Rather Than Mendicancy"]

**[Text] The spectrum of public opinion regarding international assistance to the young Ukrainian state tends to run to opposite extremes. While some consider it an insult to national dignity just short of a return to slavery, others take a polar view and are prepared to stake everything on proving the resuscitative powers of such assistance to our practically expiring economy.**

**In offering our reader our correspondent's interview with Leonid Leonidovich Kisterskyy, doctor of economic sciences and head of the National Center for the Realization of International Technical Assistance to Ukraine, the editors do not wish to assume the role of "arbiter." We believe that the best argument in favor of a grateful pressing of the hand offering assistance will be concrete deeds.**

**[Samsonenko] Leonid Leonidovich, what are the Center's tasks and what has it already accomplished?**

**[Kisterskyy] Let me remind you that the National Center for the Realization of International Technical Assistance to Ukraine was only established in April of this year. Its main task is to ensure that potential technical assistance from the world community is implemented to carry out effective economic reforms in Ukraine and establish market relations. The Center has been charged with coordinating assistance from the EC, the International Monetary Fund, the United Nations, the World Bank, the European Bank for Reconstruction and Development, and other international organizations and individual countries. In particular, this form of international cooperation, which is new for Ukraine, consists of granting and financing assistance by foreign experts and consulting firms offering such intellectual services as advising the government and individual ministries and departments, developing plans for the construction and reconstruction of enterprises and projects, and training and retraining managers and middle and upper level specialists to work in market conditions in key sectors of the economy.**

We should note that until recently all programs of technical assistance for Ukraine were developed spontaneously in Moscow, where the necessary coordinating structure had been formed a year earlier. As a result, when our Center was created in Ukraine, we had to assemble all the pieces of assistance projects currently being carried out by our own specialists under the program for 1991. What have we managed to accomplish? Since the establishment of our Center, we have welcomed more than a hundred foreign experts. With their help, Ukraine's socioeconomic situation was analyzed in detail and programs of technical assistance for 1992 were developed based on the course of reforms and economic priorities. In addition, a proposed program of cooperation for the current year with the EC was drafted and signed. Subsequently, the National Center collected applications for direct technical assistance from the government, individual ministries, institutes, enterprises, and the like.

After working on these proposals together with the foreign experts, we put together an action program designating 39 key projects to be financed under this year's program. To give you a general idea of the scope of the financing involved, suffice it to say that a financial memorandum is now being prepared in Brussels in which the technical assistance for 1992 from the EC alone is valued at around 70 million dollars. In addition, separate projects costing up to 24 million dollars are being worked out in the field of ensuring nuclear safety.

It gratifies us to report that bilateral relations with individual countries involving cooperation are continually expanding. For example, Ukraine is receiving 25 million dollars this year according to an agreement signed with the Italian government. The National Center informed all potential recipients of this aid and forwarded their projects for consideration in Italy. Together we are fitting the "brick" of Italian assistance into the single foundation being laid by the EC as the primary provider of technical assistance to Ukraine. We believe that this kind of earmarked assistance from developed countries that is targeted at specific projects ensures the effectiveness of this aid and will provide the needed impetus to economic reform in Ukraine.

We do not have sufficient newspaper space to describe each specific project and instance of assistance. Literally within the last few days, an agreement on cooperation in the fields of agriculture, energy, and ecology was signed with the Dutch government. In addition, under a joint program of cooperation with the EC, the World Bank, and the International Monetary Fund, leading specialists from the Ministry of Economy, the Ministry of Finance, as well as other ministries and departments, are currently undergoing training and internships in Vienna. Canada, too, is offering to give some 40 of our specialists the opportunity to gain Western market experience by inviting them at her own cost to spend three weeks in training in corresponding Canadian ministries and departments. Similar agreements are being prepared for implementation in Germany, the United States, France,

India, and other countries. Our calculations show that in 1992 the National Center succeeded in obtaining close to 110 million dollars in technical assistance for Ukraine from various sources.

[Samsonenko] By our standards, this is unquestionably a significant amount of assistance. But will Ukraine receive these funds as things stand now? After all, frankly speaking, this money was "secured" by one set of people and will be used by another. For example, it is no secret to anyone that the injections of American dollars to Ukraine were made "in support of Lanovyy" ["pid Lanovoho"], part of whose job prior to his dismissal was to procure solicit secure foreign credits. Following Volodymyr Tymosiyovych [Lanovyy], O.I. Slyepichev, the national coordinator for the realization of international technical assistance, also lost his post as deputy prime minister. If I were a foreign investor, I would be much more cautious in dealing with a country in which governments and ministers change so quickly and easily...

[Kisterskyy] In its everyday work, the National Center does not link Ukraine's cooperation with the world community with any one specific person. Aware of the possibility, we warned our foreign partners that there might be personnel changes in the government as well as a complete change of government. At the same time, we reassured them by stressing that the pace of economic reforms would be stepped up. Consequently, cooperation should be primarily linked with the course set by the Ukrainian government, with its policy of accelerating the transition to market relations. The world community listened to our arguments with understanding.

However, your question hints at another, more painful problem. The specialists at the National Center for the Realization of International Technical Assistance to Ukraine are doing everything in their power to carry out the tasks they have been set. But now we need the government's help. Despite the fact that our cooperation with the world community is continually expanding, the fifth floor allocated to us in the building on Mykhailivska ploshcha [square] belonging to the administration of the presidential representative in the city of Kiev has still not been vacated, and we are forced to work literally in a few rooms. We are less concerned about the needs and comfort of our staff than about the interests and prestige of our country. To enable us to take advantage of technical assistance quickly and efficiently, it is important for each of our foreign partners to have suitable and well furnished offices, equipment, and the like. In particular, five experts from the EC, who signed a two-year contract to work with us, are now jammed together—there is no other way of putting it—in one small room at the Center, which is also filled with office equipment.

The Ukrainian government has also signed an agreement on cooperation with the United Nations. Their officials, who are to work with us, are to receive an office in the National Center. There is no point even talking about finding space for the experts from the European Bank for

Reconstruction and Development, other important international financial institutions, and foreign countries with whom agreements were made earlier. To promise people who are investing hundreds of millions of dollars in our economy the most elementary things and then not to carry out our promises shows a lack of seriousness and is irresponsible on our part. We described our difficulties in a letter to the president and to the prime minister and asked that this matter be resolved immediately. Moreover, the government has not yet approved the Statute on the National Center.

Another problem that perturbs the National Center's specialists is the salary system. All work at the Center is conducted in English. We have succeeded in engaging doctors and candidates of sciences, experienced specialists from almost all sectors of the economy, who are fluent in foreign languages, and yet they are all forced to work on not much more than pure zeal. Judge for yourself: the Center is equal in status to a ministry, yet the minister's salary is lower than that of a docent at a institution of higher learning. You can be sure that zeal will soon run out.

We need a great deal of assistance, which will quickly pay for itself. If everything goes well, the National Center will grow into a serious international organization, which will provide intellectual assistance to Ukraine in stabilizing her statehood and economy with the help of the expert services of the world community.

[Samsonenko] Inasmuch as you have broached the subject of the economy, can you tell us as a specialist—what is hindering the effective implementation of economic reform in Ukraine?

[Kisterskyy] I have given this subject a great deal of thought. It is difficult to point to some one thing as standing in the way of reform. First of all, keep in mind that for seventy years we lived by a completely different set of economic laws, and that these laws were very distorted. Having worked over twenty years in economics, academic institutions, and international organizations abroad, I came to understand one thing: economic laws are just as objective as the laws of natural sciences—physics, chemistry, mathematics. We tried to distort these laws, and the results are what we see today.

We also need to keep in mind that restructuring like ours, in which the state has assumed important functions in developing a market system and in restricting the power that one person may wield, happened very long ago and gradually in many developed countries. For example, in Switzerland, this process occurred nearly 300 years ago, in England and France, more than 200 years ago. Our country does not have that kind of time. It is therefore very important that we understand that economic reform cannot be effected in a few months' time and that even two or three years are not enough to achieve positive results. This is unrealistic. The main thing is to teach as many people as possible to work in market conditions and in accordance with the laws of the

market. This may sound trite, but the stumbling block to reform is an insufficiently developed market mentality among our people. The National Center is working hard to develop this mentality. In particular, we are preparing international plans to organize schools and institutes to train specialists right here in Ukraine. This idea is already being implemented at the Institute of State Management and Self-Government [Instytut derzhavnoho upravlinnya ta samovriaduvannya], the State Economics University, and so forth.

I am often asked by foreigners: how many years does Ukraine need to become economically sound? I believe that if we avoid making serious mistakes and if our reforms proceed normally, we should achieve positive results in about seven to nine years and see a significant improvement in our living standard.

[Samsonenko] By the way Leonid Leonidovich, the Americans divide all nations by level of development into "technological nations," "raw materials nations," and those that manage somehow without either. What kind of nation do you think the Ukrainians will have at the end of these nine years?

[Kisterskyy] It is very difficult to make predictions. But as a scientist, I am accustomed to working out different scenarios for the development of various events and phenomena. I realize that this is impossible to do in a short interview. Let me just stress Ukraine's economic, geographic, and scientific-technical potential. Most foreign experts agree with me. Ukraine has a very advantageous location in Europe. She has a highly developed, even if backward, industrial base. And an almost unlimited, very promising agricultural potential. Of course, the organizational structure of our agriculture must be rebuilt as quickly as possible.

Ukraine does not possess large deposits of oil and gas, but there are plenty of other raw materials. In addition, the Ukrainian people have a highly developed scientific potential, many world-class research and development projects. Therefore, my most optimistic prognosis for the next seven to nine years is that at the end of this period Ukraine will not fit into any of these strictly defined categories but instead be a composite model. There is no doubt that we will have achieved self-sufficiency in terms of agricultural output by then. I also predict that through cooperation with foreign partners scientific developments will be introduced into production more quickly and efficiently both in Ukraine and abroad. As a matter of fact, our delegation recently returned from Japan, where it reached an agreement in principle with Japanese businessmen regarding developing and setting up joint production in Ukraine.

For historical reasons, Ukraine's economy includes a highly developed military industrial complex. The National Center's action program provides for assistance in the current and subsequent years in the conversion of

this sector and adapting part of it to produce high-quality, competitive consumer goods. We will also continue developing our "civilian" industrial base on a modern basis with the help of international technical assistance. Until recently, raw materials accounted for close to 85 percent of all exports of the former Soviet Union. In the coming decade, Ukraine must fundamentally review this structure and aim at achieving a balanced ratio between manufactured goods and raw materials. By means of increasing exports of finished products, of course.

[Samsonenko] Are the associates of the National Center and the foreign experts satisfied with existing Ukrainian legislation on foreign investment in the Ukrainian economy?

[Kisterskyy] Partly yes and partly no. I would like to note that both our own and foreign experts believe that the Law "On Foreign Investments" offers good prospects. Parliament has also passed the Law "On Land." But there does not exist a mechanism for selling or buying land. Yet this is a prerequisite for attracting foreign capital to Ukraine. Foreign businessmen cannot understand a situation in which they can form a joint enterprise or build a plant but cannot own it. In my opinion, the sale and purchase of land, regulated by the state and by law, must be legalized as soon as possible. This approach will only strengthen our ties and increase interest in partnerships and encourage responsibility.

Unfortunately, Ukraine has very high taxes, which are virtually strangling production. If only at the beginning, as Ukrainian business is trying to become established, we need to create favorable conditions to enable it to become economically sound. A reduction in tax rates will allow the business base to expand, thereby increasing government revenues. I know that this is easier to say than to do. But we need to do this.

[Samsonenko] I share your opinion of the high intellectual potential of our people, but I must note that the introduction of numerous, truly exceptional scientific developments into production often encounters impediments. I understand that there are objective reasons for this. There is talk today of creating an intellectual property exchange in Ukraine. As a matter of fact, such an exchange is already working quite successfully in Russia...

[Kisterskyy] I fully support this idea. But I would go even further. We must create all the necessary market structures as soon as possible and speed up the privatization process, so that the introduction of scientific research into production does not depend only on the state or the Cabinet of Ministers. Why should this be concentrated in one place?! We need to create conditions that would allow our scientists to introduce their research into production on a business basis as quickly as possible. An important role in this will be played by foreign partners, who have a great deal of experience in this field. We

must remember that the foundation of any economy is production and not its superstructure.

[Samsonenko] Thank you for this interview.

#### **List of Donetsk Oblast's Worst Industrial Polluters Published**

*93UN0526A Kiev URYADOVYY KURYER  
in Ukrainian 27 Nov 92 p 4*

[Report: "Enterprises Which Pollute"]

[Text] A list of the 100 enterprises which cause the most harm to the environment and the health of the population has been drawn up for the first time in Ukraine. This work was done by the State Administration for Environmental Protection with the participation of specialists from other environmental protection services and scientists representing public organizations. At the request of our readers from Donetsk Oblast, we are presenting below a list of the polluting enterprises in this region.

#### **The Mariupol Metallurgical Combine imeni Illich.**

Mariupol ranks second in Ukraine with regard to the amount of industrial emissions discharged into the atmosphere: 578,000 tonnes in 1991. Of these emissions, 68 percent are from the Metallurgical Plant imeni Illich. This combine also discharges 50.3 million cubic meters of waste water annually.

#### **The Mariupol Metallurgical Combine "Azovstal."**

This combine emits 28 percent of all pollutants into the atmosphere, and it discharges 220 million cubic meters of polluted waste water. The water-supply circulation systems operate too sluggishly. And the sludge-accumulating units are filled to overflowing.

#### **The Mariupol Metallurgical Combine imeni Kirov.**

Emissions from this combine amount to 60 percent of the total for the entire locality. The sanitary zone has not been maintained. It has been only 60 percent outfitted with gas-purification equipment. The components at this combine, which has been in operation since 1898, are old, obsolete, and worn out.

#### **The Makivka Pipe-Casting Plant imeni Kuybyshev.**

This enterprise emits almost one-fourth of the city's pollutants. Only half of the sources of such emissions have been outfitted with purification units.

#### **The Yenakiyivo Metallurgical Plant.**

This enterprise is situated in the center of the city and emits three-fourths of all its pollutants. Its sintering plant has not been renovated for many years, a project which

could reduce the emissions. Only 48 percent of the emissions sources have purification units.

#### **The Donetsk Metallurgical Plant imeni Lenin.**

This plant is the chief polluter in the city's central districts. It is only 60 percent outfitted with gas-purification units, and six open-hearth furnaces do not have them.

#### **The Konstantynivka Plant "Ukrtsynk"**

The emissions from this enterprise constitute 34 percent of the city's total. They primarily pollute the city with heavy metals, as well as substances belonging to the first and second hazardous categories (arsenic, lead, sulfuric acid, and nitric acid). The engineering facilities here are old, worn, and obsolete.

#### **The leased enterprise entitled the "New Kramatorsk Machine-Building Plant."**

This enterprise annually discharges 4.5 million cubic meters of polluted waste water. The power capacities of the circulation systems are insufficient.

#### **The Sloviansk Production Association "Khimprom" of the "Ukrkhimprom" Companies.**

It discharges 700,000 cubic meters of polluted waste water annually.

#### **The Mariupol Concern "Azovmash".**

This concern annually discharges 28 million cubic meters of polluted waste water into the Kalchik River.

#### **The Mariupol Production Association of the Ukrainian Water-Supply and Sewerage System for Supporting Municipal Services.**

Due to the unsatisfactory condition of its sewerage network, this plant released 535,000 cubic meters of untreated waste water in 1991. As a result of the Sea of Azov being polluted, the city beaches were closed down.

#### **The Horlivka Chemical Plant.**

This plant annually discharges 7.7 million cubic meters of polluted waste water. As a consequence of an accident which occurred in December 1989, the underground levels were polluted by chlorobenzol. This led to the deaths of three miners at the "Oleksandr-West" Mine; and 200 persons suffered from acute poisoning.

#### **The Avdiivka Coal-Tar Plant.**

Its emissions are primarily among the first and second classes of hazardous substances, and they are the chief polluters of this city.

#### **The Horlivka Coal-Tar Plant.**

Only 30 percent of this plant's facilities have been outfitted with purification units.

**The Horlivka Production Association "Styrol."**

This enterprise has not carried out a basic endeavor for environmental protection—building a facility to purify dust and ammonia during the process of producing granulated ammonium nitrate.

**The Yanakiyev Coal-Tar Plant.**

Only one-third of the emissions sources have been outfitted with purification units. Present in the emissions here are substances belonging to the first and second classes of hazardous materials. There is not even a plan for a sanitary zone here.

**The Yasynivka Coal-Tar Plant.**

It emits substances belonging to the first and second classes of hazardous material: ammonia, benzol, sulfuric acid, cyanide compounds, and benzopyrene.

**The Makiyivka Coal-Tar Plant.**

It is a primary polluter of the city with phenol, naphthalene, and benzopyrene. There is no plan for a sanitary zone here. Only one-fourth of the emissions sources have been outfitted with gas-purification units.

**The Mariupol Coal-Tar Plant.**

It pollutes the city with phenol and benzopyrene. Only 8 percent of the facilities have had gas-purification units installed here.

**The Kurakhivo DRES [State Regional Electric Power Station].**

It has not carried out efforts to reduce discharges of sulfurous anhydride or to convert to gas fuel. This station is only 32 percent outfitted with gas-purification units.

**The Vuhlehir DRES (imeni Debaltsev).**

Preparations for reducing emissions of sulfurous anhydride have not been carried out. Only 57 percent of the facilities have been outfitted with gas-purification units.

**The Starobeshivo DRES.**

At this station the annual emission of sulfurous anhydride amounts to 134,000 tonnes, while that of nitric oxide reaches 20,000 tonnes.

**Yavorivskyy Comments Further on Misuse of Chernobyl Funds**

*93UN0499A Kiev NEZAVISIMOST in Russian  
2 Dec 92 p 5*

[Interview with V. Yavorivskyy, chairman of the Commission of the Supreme Council of Ukraine on the Chernobyl Catastrophe, by V. Anisimov; place and date not given: "Who Stands to Gain From the Sarcophagus"]

[Text] A veil of lies has been shrouding the Chernobyl tragedy from the very beginning. Who has not speculated

with the name of Chernobyl, or gained moral, political, and other currency with it? Suddenly the national suspicion that Chernobyl is a feeding trough for leading businessmen has been confirmed at the highest level. Vladimir Yavorivskyy, chairman of the Commission of the Supreme Council of Ukraine on the Chernobyl Catastrophe and the Temporary Deputy Commission for Investigation of Consequences of the Chernobyl Catastrophe provided a sensational exposure of the activity of the "Ukraina-Chernobyl" Fund and leaders of the international competition for the design of a new sarcophagus. A response from the opponents was not long in coming. With enviable efficiency the mass media, ever loyal to "the old guard," presented the rebuttal given by First Deputy-Premier K. Masyk who likened the exposure of the people's deputy to a "witch hunt." Who is right? Today we yield the floor to Vladimir Yavorivskyy.

[Anisimov] Vladimir Aleksandrovich, I would like to start the conversation with the scandal surrounding the competition for the design of a new sarcophagus and the contract signed by the Ukrainian "BUIG" Firm. In his recent declaration Konstantin Masyk not only denies your accusations, but regards them as nothing other than an insult "tossed out at one who is gone." Moreover, he asserts the following: "I knew nothing about the signing of the contract with the "BUIG" firm by Umanets and have no connection with that whatsoever."

[Yavorivskyy] Let us not engage in a long verbal discussion inasmuch as there are documents, there are facts: We can go over them in your presence, clearly distributing them where they belong. One thing that I would like to note right off is that K. Masyk did not retire but is an ambassador, apparently to Scandinavia.

Now let us look at the documents. On 17 January of this year K. Masyk dispatched a letter to Paris, to the "BUIG" firm:

"Esteemed Mister BUIG! We are seeking your cooperation with the work and working conferences by organizing an international group consisting of the best specialists whose duties will include a study of the concept of a hermetic shell for the UKRYTIYE project, elaboration of methods for realization of the concept, etc."

I am turning the cited document over to the editorial office. It is signed by K. Masyk and invites the "BUIG" firm to participate in work on the sarcophagus. It responded in the appropriate manner to the request. That was a super prestigious order for it since Chernobyl was known throughout the world. "BUIG" is a major firm which built many super projects throughout the world, including the La Manche tunnel. I certainly do not want to cast any aspersions on it: the firm operated within bounds of legality and normal logic. It was invited by the first deputy premier and it responded. Subsequently Masyk suggested that this firm gather those whom it considers necessary around itself. This led to the creation of the "Shelter-Universal" association with "BUIG" as its core. The main contract was signed on 12 June which bears the signature of Mister Umanets and Jacques Godron, general director of "BUIG" for Eastern Europe. After the signing of the contract on 1 July of this

year another letter was dispatched to Paris by K. Masyk to the International "Shelter-Universal" Association, which I am also turning over to you. In it K. Masyk points out that: "On the basis of a Ukrainian government request, as described in the letter of 17 January 1992 No. 21-93/5, a contract was signed on 12 June 1992

between Ukratomenergoprom (representative of the Ukrainian government), on one side, and your International "Shelter-Universal" Association, on the other side, regarding the construction of a hermetic shelter for the fourth bloc of the Chernobyl Atomic Electric Power Station."

**Program of main directions in the activity of the National "Ukraina-Chernobyl" Fund and its participants PKF [expansion not given] "Protektor" and IPG [expansion not given] "Mriya-Minkayeva" in cooperation with implementation of measures of the comprehensive national program for liquidation of consequences of the Chernobyl Atomic Electric Power Station accident of 1992-1993**

In order	Projects and operations	Volume	
		Financing	Products
<b>I. Protection of the health of the population of Ukrainian oblasts contaminated by radionuclides</b>			
	I. Radioprotectors which eliminate radionuclides from human and animal organisms		
	I.I. KMTs - conduct of scientific research work and production of small lots	520 million rubles	1,000 tonnes
<b>II. [illegible]</b>			
	II.2. Canned fish, pink salmon in tomato sauce, pink salmon in its own juice, specially pickled herring, salted herring, Cololabis, flounder in tomato sauce	150 million rubles	1,000 [illegible]
	II.3. Delicacies, red caviar, liver pate, crab, squid	150 million rubles	10,000 tonnes
	II.4. Vegetables, fruit, common onion, Turkmen potatoes, grapes, pomegranates, melons, raisins, etc.	350 million rubles	10,000 tonnes
<b>III. Provision of energy sources</b>			
	III.1. Petroleum	20 billion rubles	Two million tones
	III.2. Gasoline	4,800 billion rubles	100,000 tonnes
	III.3. Solar sources	Eight billion rubles	200,000 tonnes
	III.4. Fuel oil	18 billion rubles	One million tonnes
<b>IV. Medical services</b>			
	4.1. Highly skilled comprehensive studies of adult population and children VTK [expansion not given] in Ukraine and abroad	15 million rubles	[illegible] 3,000
<b>V. Construction:</b>			
	5.1. Construction of cottages and sports and health facilities	100 million rubles	60 cottages
	5.2. Delivery of lumber, shaped timber, sawing equipment, etc		Seven subunits/barter/production
	5.3. Delivery of glass	100 million rubles	
	5.4. Production of nails		
	5.5. Production of electrodes		
<b>VI. Consumer goods</b>			
	6.1. Clothing, footwear	150 million rubles	Barter
	6.2. Refrigerators, vacuum cleaners, washing machines		
	6.3. Audio and video equipment		
	6.4. Furniture	50 million rubles	Barter
<b>VII. Delivery of computers, office equipment and materials</b>		200 million rubles	Barter

[Signed] I. Stepanenko, general director of "Ukraina-Chernobyl" National Fund  
 [illegible], general director of IChP [expansion not given]  
 "Mriya-Minkayeva"  
 [illegible] Vakulenko, general director of PKF "Protektor"

K. Masyk thus confirms that he granted Umanets the authority to sign that contract in the name of Ukraine. As you see the matter now deals with construction and not with the elaboration of some ideas. Later he thanks the firm, and so on. This letter indicates the main thing—that Masyk knew about this contract.

[Anisimov] But for some reason he insistently denies that knowledge. Why?

[Yavorivskyy] I want to clearly indicate my position. I am not the prosecutor and cannot accuse K. Masyk of criminal wrongdoing. I am assuming that this must be done by the procurator's office. But the loss that was suffered by Ukraine is absolutely clear. After all that was done not by low-level officials, but by the first deputy premier who should have hastened to fulfill decisions of the parliament on the conduct of a world-wide competition. A discussion of that took place in the Supreme Council in November of last year. The government supported the idea, and K. Masyk headed the organizational committee for the competition, which also included Umanets. In other words, these people could not be unwitting, and especially Masyk himself.

You remember how we fought so that it would be specifically him who would be working on Chernobyl. K. Masyk pledged to do everything in good conscience. The decree of the Cabinet of Ministers on the conduct of the competition dated 27 February 1992 (I am stressing the date since it indicates that the letter to Paris signed by K. Masyk is also dated around that time.) I cite from that decree: "The Cabinet of Ministers decrees as follows regarding the conduct of an international competition for the elaboration of a design for the transformation of the "UKRYTIYE" project at the Chernobyl Atomic Electric Power Station into an ecologically safe system: the Ministry of Ukraine for Protection of the Population Against the Consequences of the Accident at Chernobyl Atomic Electric Power Station (I am stressing—not Umanets but the Ministry!) and the Academy of Sciences of Ukraine, with the involvement of the Ukrainian Department of the International Center of Science Culture of the World Laboratory, are to conduct an international competition for the elaboration of a design and technical resolution. Establish prizes of the Cabinet of Ministers of Ukraine for competition winners in the following amounts: first prize—20,000 dollars, two second prices of 10,000 dollars each, and five incentive prizes of 5,000 U.S. dollars each. Preferential conditions to be authorized for the winners of the competition in the conclusion of the contact for the project with them. Authorize the Ministry of Ukraine for Chernobyl Affairs to allocate funds for the organization and conduct of the competition at the expense of the fund for elimination of the consequences of the Chernobyl catastrophe and

social protection of the population. (That is public money, the 12 percent that our population pays in taxes. The government did not allocate any other funds beyond these). Then: "Allocate 165,000 U. S. Dollars for the Chernobyl Ministry for foreign currency transaction payments."

The decree was signed by I. Masyk and V. Pekhota.

[Anisimov] I must admit, far from everything in that situation is understandable. The parliament and the government declare an international competition for the best design of the new sarcophagus. At the same time a contract is signed behind the parliament's back making this competition superfluous. Also, both the decree on the competition and the contract are backed by the same individual—the former first deputy premier of the government.

[Yavorivskyy] Yes. The entire drama of the situation is due specifically to this. Parliament is the legislative organ while government is the executive organ. It executed the decision of the parliament regarding the conduct of the competition. The paradox is that the same person both headed and "buried" the competition. If two different officials had been handling this it would still be possible to explain somehow: in our commotion someone failed to brief someone else. Now we are asking how does Ukraine appear to the rest of the world? Much depends on that: both humanitarian assistance that we are receiving, and the various actions to be taken by us. If Yavorivskyy, Masyk, or Gotovchits himself start saying, for instance, that MAGATE [International Atomic Energy Agency (IAEA)] is sweeping the consequences of the Chernobyl catastrophe under the carpet, in compliance with the corrupt interests of the nuclear lobby, who would believe us while something like this is taking place in our government? I assume that from the documents submitted by me it is evident that Masyk was well aware of everything and it would be very good if he could somehow explain it himself.

[Anisimov] How do you propose getting out of this highly delicate situation?

[Yavorivskyy] I would like to inform NEZAVISIMOST readers that we have already conducted negotiations with the "BUIG" firm and explained that no shadow would fall on that esteemed firm and that we are merely sorting out our own domestic affairs. I believe it would be ridiculous to end the competition now inasmuch as many major firms from Germany and Great Britain as well as France are taking part in it and they are all prepared to cooperate. Therefore I believe that first it is necessary to take Umanets off the jury. Someone who signed the contract has no right to be on the jury. In addition to that Umanets spoke only about the "BUIG" firm in announcing the competition. I understand that he is involved with it which is why he virtually declared that firm to be the competition winner. So we are again placed in a ridiculous position. People from other firms, were shrugging their shoulders in amazement: the world

is transparent and information filters out very fast. They all know already. I think that to come out with a minimum of losses and with a modicum of dignity following the "consequences" produced by the activity of Masyk and Umanets means to bring the competition to its logical conclusion. The "BUIG" firm must not remain outside of it all, particularly since the contract with it, no matter what, has already been signed. Therefore it would probably be wise not to announce a single winner, but to combine the efforts of "BUIG" (the construction organization) with those of firms engaged with problems closely associated with the Chernobyl problem, declaring several winners. Thus we can count on the help of the governments of not only France, but of Germany and Britain as well. That is my personal opinion. I am not on the jury but do see that as a way out of the situation which has formed.

[Anisimov] Vladimir Aleksandrovich! Your declaration concerning the activity of the "Ukraina-Chernobyl" National Fund was rather discouraging. But from the response given by the opponent it is clear that back in March of this year the venture with his organization failed thanks to the efforts of K. Masyk himself. As a result the "Ukraina-Chernobyl" fund was never born.

[Yavorivskyy] Before speaking about the fund I believe it is necessary to explain to the readers the motives for its creation. One of the "Chernobyl" laws adopted by the Supreme Council of Ukraine "On the legal status of the territory subjected to radioactive contamination as a result of the Chernobyl catastrophe," specifically Article 6 "Financing of operations in the zone subjected to radioactive contamination," states that the "Chernobyl" Credit-Finance Bank is being created for that purpose within the banking system of the Ukrainian SSR. Our idea was as follows: to create a bank which would receive not contributions and humanitarian aid, but those 12 percent that are collected from the population in the form of taxes used to liquidate the consequences of the Chernobyl catastrophe. A bank is a transparent institution where each cent is visible and it is always possible to find out who took it and for what purpose. In addition to that, for instance, in case of the failure of the resettlement program (and it has failed for the second year) the bank can lend the unused funds in the form of credit thereby earning interest. In other words, money would be making money. What more could one want? It appeared necessary to create such a bank. Its founders were to be the government and the Ministry of Chernobyl, which is spelled out in the law: "The funds will be disbursed by the Council of Ministers of the Ukrainian SSR. The Council of Ministers of the Ukrainian SSR, upon recommendation of the State Committee of the Ukrainian SSR for Protection of the Population From the Consequences of the Accident at the Chernobyl Atomic Electric Power Station, shall determine the planning, material-technical provision and amount of financing of the operations." That is Masyk and Gotovchits. That bank is still not in existence, which is a direct violation of Ukrainian law.

Instead of the bank a fund was created. I will say right away that controllability of a fund is not the same. Also, Masyk becomes president of the fund. I list the scheme, the roster of council members: Masyk, Gotovchits, Prister, Suprun, Veselovskyy—all well-known people. In addition to state structures the fund also included commercial ones, such as, for instance, the "Nove Pokoliyanija" Fund. What happened next? I obtained the first version of their bylaws from which it is evident that state officials occupy the executive posts. It also declares that the fund enjoys full confidentiality, has the right to conduct foreign currency and other operations, and also exists for the support of the families of the founders of the fund. We gave them a scare. I got hold of the document, met with Masyk, and said: What are you doing? The deputy premier told me that he knows of no such fund and, more or less, asked me to leave him alone.

After that they change the bylaws and register that fund as a national one! At the same time, the initial official stamps, you can see them on the documents, are those of the Ministry of Chernobyl. In a commercial fund! Subsequently the fund engaged in some tumultuous activity. By the documents we can determine what possibilities are open to a commercial organization headed by the first deputy premier whose executives are ministers. Multiple transactions began: metal is shipped from Ukraine to the Far East, where it is exchanged for fish, which, in turn, is exchanged in Japan for computers, that return to the fund. Can you call this organization a state fund? No. It is a commercial one. The documents on the transactions which we have, are dated not in March but in subsequent months, right up to October.

[Anisimov] Perhaps you could publish just a few of them?

[Yavorivskyy] Here, for instance is a document on the crediting of the fund with one million 120,000 rubles by the "Interstroyrekreatsiya" concern from Odessa. On 4 August the firm "Print" becomes involved in the activities of the fund and also makes a deposit of one million 200,000 rubles for the organizational work of the fund. Later, by the way, it turned out that "Print" is not a Kiev firm, but one in Petropavlovsk-Kamchatsk while the money came from Kiev, where they have their own account at the Lesbank.

Here is a document on the conduct of a barter operation signed by Stepanenko ("Ukraina-Chernobyl" fund) by Chertishchev ("Print") and by Popudribno (senior specialist with Ministry of Chernobyl) dealing with computers and profits from that transaction. In another document—Deputy Minister Prister reports (!) to the executive director of the fund Stepanenko, about a routine agreement. Then "Print"—a commercial enterprise (settlement of Svetlyy of Petropavlovsk-Kamchatsk), which is a participant of the "Ukraina-Chernobyl" national fund, offers V. Stepanenko a barter deal to exchange metal for goods and equipment. In this

deal a Bulgarian firm called "Test" is to export reinforced steel worth one million 100,000 U. S. dollars to Bulgaria. It is pointed out that in order to obtain 5,000 tonnes of reinforced steel some 65 million rubles are needed which it pays out to the second participant of the fund—the concern "Interstroyrekreatsiya." Anticipated profit after payment of state customs duty—300,000 U. S. dollars. Term of the operation—one-and-a-half months. For that purpose "Print" is requesting: "Allocation of 65 million rubles for two months and also resolution of the matter concerning issuance of licenses for export of angle steel in an amount of 20,000 tonnes, and 20,000 tonnes of metal scrap."

There is another document in which the Ministry of Chernobyl (Gotovchits) requests oblast authorities in Kamchatka (Biryukov) to issue a license to the "Print" commercial enterprise for 5,000 tonnes of fish products (pollack, cod, red salmon, and caviar) for the purpose of conducting barter operations with foreign partners. That is, an official is representing a commercial firm. Also the executive committee of the Kamchatka Oblast Soviet guarantees the delivery of products, in accordance with the agreement with "Print," in exchange for foodstuffs received by "Print" on the basis of contracts from various regions of the CIS and from abroad.

There is the agreement concerning participation in the "Mriya-Minkayeva" fund which states that the "Ukraina-Chernobyl" fund is extending benefits to all of its participants which it receives itself within the limits of programs for the liquidation of the accident at the Chernobyl Atomic Electric Power Station. There is yet another document in which "Mriya-Minkayeva" is requesting that the founder of the firm be registered for residence in the city of Ufa. Then there is the agreement for the delivery of metal to another firm—"Akitis," from Kemerovo. The deliveries are to be made by "Print." Later the Kiev "Protektor" firm appears.

[Anisimov] I assume that the fund had no particular problem with commercial activity or licensing. But the scope and the plans are simply stunning. Thousands of tonnes of metal, millions of tonnes of petroleum—all that involving billions of rubles. I am curious, did this fund extend any real assistance in the realization of Chernobyl plans?

[Yavorivskyy] We do not have that data. As chairman of the commission, you understand, I should have known about that. In addition to that, if the fund was really doing something it would not have started concealing that but, on the contrary, advertising it instead. According to the information which I have Chernobyl did not get one cent even though some very involved programs were undertaken. It is also not known where the fund's money is being kept. I believe that there is much that the procurator's office could do in this area. It is necessary to find out what the money was spent on. After all, huge sums are involved. In addition to that there is not just the money but also iron, petroleum, steel, and fish—all products of which there is a shortage.

[Anisimov] Vladimir Aleksandrovich, are you convinced that this fund is really unique and the only one in Ukraine?

[Yavorivskyy] The point is that during its founding it should have been determined right away whether this fund is a private or a government establishment. Creation of commercial structures is not against the law. But a commercial bank or a fund must not have get preferential terms. Such terms could be studied individually, if, for instance, the fund would be donating its profits to Chernobyl. But the fund, however, was in fact conceived as a state organization with preferential terms. Its very first operations, however, were commercial in nature. The law was immediately violated by Gotovchits—the minister of Ministry of Chernobyl and by Masyk, the second-ranking individual in the Cabinet of Ministers. After all, Gotovchits could not make a move without Masyk who guided Chernobyl affairs.

In the creation of the fund as a state structure called upon to help the country to resolve Chernobyl problems, it was decided to "prop it up" with state funds. There was an order from Masyk directing that 700,000 rubles be withdrawn from the Ministry of Finance along with funds from the Ministry of Chernobyl. Inasmuch as we violated all that, the fund was transformed into a commercial one. Its operations, strictly commercial in nature, have some curious undertones. Let us say, there is a firm somewhere in Petropavlovsk-Kamchatsk and it comments on the activity of the fund, then the benefits that apply to the fund, are automatically extended to it. The fund, however, utilizes the sign and seal of a state fund and Masyk remains its president. After all there is all that talk about licenses but they were issued exclusively by the government. In other words, it is an ordinary commercial structure which, however, had an advantage over others since its head was the first deputy premier of the government.

This fund is, of course, unique. All legislation is designed for decent people and the Chernobyl fund provided benefits for Chernobyl residents. Our position consisted of the following: so that they would not have to go with an outstretched hand to an impoverished government it was best to grant some freedom to Chernobyl unions: let them create their own enterprises and earn funds under preferential terms with mandatory condition requiring deduction of profits to the victims. Legislation provided such an opportunity. But most unfortunately it was utilized not by the Chernobyl residents, but shady businessmen who appeared in the city and oblast unions of Chernobyl. I have such information and want to analyze it, to address a session with a report on how Ukraine is swindled by shadowy organizations that avoid taxes. But it is dishonest to speak about the low-level, smaller structures, without baring the situation at the top. This fund is unique if only because of the fact that it was headed by the deputy premier while his deputies consisted of key officials who should have concerned themselves exclusively with Chernobyl and nothing else. Instead they went into business, and according to our

information, dirty business at that, doing so with considerable energy. No commercial structure would have been able to develop on such a scale. Between January and November the fund linked up with commercial firms in Ukraine, Bulgaria, the Far East, Moscow, center of Russia, Korea, and Japan. This only in accordance with the documents in our possession. In reality there are many more of them. But to analyze that is a task for the procurator's office.

[Anisimov] All this is very sad taking into account that national programs dealing with Chernobyl are proceeding very inadequately.

[Yavorivskyy] The most important program consisting of the resettlement of people from the zone where they live under life-threatening conditions has failed for the second year. But Gotovchits and Prister have not time to work on it since there is so much to do in the fund.

[Anisimov] Vladimir Aleksandrovich, Chernobyl is six years old. The catastrophe started with a lie, and at present the lie continues. The competition, the fund, constant deceptions. Is it that Chernobyl problems have such an ill-starred fate? It is impossible to understand how the government and the parliament could emerge from the situation while preserving even a semblance of trust by the people.

[Yavorivskyy] I believe that there is one wise alternative: purification. This is the only thing that can be done, at least as a lesson for others. That is the principal lesson, and not the shouting at Masyk's back. It is necessary to halt the activity of that fund inasmuch as it was used to export out of Ukraine many materials which are in short supply. I would like to draw a line with this conversation. We have a new government, which, as far as I know, is supported by your newspaper and there is nothing left for us either but to support it. In addition to that, I was among those who defended Gotovchits to the very last. When Kuchma asked for candidates to the post of minister I proposed that Gotovchits remain. After these materials I believe that our commission will make a decision on lack of confidence in the minister. All the dirt around Chernobyl, which came out today, provides no joy to anyone. It adds to the bitterness. You understand what the tragedy is: it turned out that the independence for which we fought, and in which we were so brilliantly supported by the people, that independence, it turns out, was needed by different people for various reasons. On the whole, Masyk, for instance no longer had anyone over him. Formerly there was the punitive hand of Moscow, and he would sometimes stop and think—what will be said over there...

[Anisimov] This once again confirms that our government has a long way to go before becoming a law-governed state inasmuch as the people still have no control over their government. Otherwise how is it possible to explain the operation of such a fund?

[Yavorivskyy] It is still necessary to bring this matter to an end. The guilt of the parliament is quite clear in this

case. Even this situation indicates that it is time to adopt a law on commissions as soon as possible. Tell me, how can the people control someone like Masyk? Only through those they elect. There are, of course, several newspapers, like NEZAVISIMOST, which can stand up and engage in an absolutely uncompromising struggle. But without parliamentary support the newspapers are doomed. Therefore the commissions must also perform control functions in the branches which they manage.

[Anisimov] I admit that I am surprised by your insistent desire to bring this matter to a close. Do you really think that you have extricated the embers from the fire and not just one burning twig from a blazing bonfire?

[Yavorivskyy] Of course I am far from the thought that this article may bring the matter to a close. It is just that, as a person and a deputy, I have many concerns. The most important one is to start doing something in the zone so that people would acquire confidence that the problem has been overcome. After all, we are merely buying them off with those meager funds that were allocated for Chernobyl residents. Chernobyl continues—a significant part of Ukraine is covered with radionuclides and there is no way to ignore that. Therefore in the verbal fencing with Masyk I would like not to drop the rapier but bring the matter to an end and then go on, not so much exposing yesterday's deeds, as helping the new government with what must be done. We are tired of disclosures and destruction. I understand that I am not original in my views of the matter. The "petroleum" case and foreign economic activities will apparently also explode. Hetman, for instance, was recently removed from the post of bank director—the banking situation will also be exploding. The people, however, have grown tired of revelations.

[Anisimov] K. Masyk castigated you for the impropriety of your presentation. No matter what, but he has shifted to another line of work."

[Yavorivskyy] I want to tell NEZAVISIMOST readers that I am counting on their understanding. It was not easy for me to speak out on that matter. I understood very well that the image of Ukraine would not benefit from that. But I assumed that it was much more important to speak the truth. Our Ukraine is a year old. We have a new government. It is not just the fashion to be exposing everyone and everything. During the wars with the USSR Ministry of Atomic Energy Masyk accomplished a lot of what is good. But what took place later... You can understand what would have happened if this story surfaced in the western press. It would have been a lot worse. Something else is also very important: to me it would be important to end this matter not so much with Masyk as with Umanets. After all he was appointed chairman of the State Committee for Utilization of Nuclear Energy, without a preliminary examination of anything. If all the ends would have disappeared there, the people would then ask: where were you? When did those documents land on your desk? I considered it my

duty to speak out on this from the parliamentary tribunal. Whether I am right or not, let the people of Ukraine determine that.

### Cabinet of Ministers Issues First Edicts

*93UN0555A Kiev URYADOVYY KURYER  
in Ukrainian 4 Dec 92 p 1*

[Unattributed article: "First Edicts of the Cabinet of Ministers"]

[Text] Last Wednesday at the beginning of the regular session of the new government Leonid Kuchma, prime minister of Ukraine, demanded an explanation from Mykola Surhyy, chairman of the State Committee on the Coal Industry, concerning the latter's telegram, which was not coordinated with the government, to metallurgical enterprises with regard to an increase in prices on coal for that sector. A sharply critical examination of that action of the chairman of the committee ended with a reprimand of the chairman.

It was pointed out that any actions of ministries and agencies with regard to practical implementation of decisions concerning questions that are under the jurisdiction of the Cabinet of Ministers and are under review may be carried out only after adoption by the government of the appropriate decisions.

Anatoliy Lobov, minister of the Cabinet of Ministers, gave information on the course of the implementation of decisions adopted at previous sessions of the government. On the whole, he noted, the decisions are being implemented; but instances of untimely execution of some of them are giving rise to alarm. For instance, the Ministry of the Economy has dragged out preparation of a draft decision on the creation of an intellectual center for the development of a program on the coming activities of the government. Some ministries are delaying on the submission of information on how instructions of the Cabinet of Ministers concerning urgent questions of the socioeconomic development of Kiev are being implemented. It is also necessary, said Anatoliy Lobov, to speed up completion of the work of the commission on the inspection of hard-currency and financial activities of the former company Ukrnaftokhim and the Ministry of Energy. The government should be informed of the results of the inspection and of the applied measures by 15 December, and they should also be published in the mass media. A comprehensive inspection of the activities of the Black Sea maritime steamship line is continuing. It should be completed on 20 December. The state of the execution of these and other decisions of the government are under constant oversight of departments of the Cabinet of Ministers.

A sharp discussion, in which not only members of the government but also people's deputies and advisers of the president of Ukraine participated, took place at the session concerning the situation in the fuel and energy complex. According to the quota, Russia was supposed to deliver to Ukraine 40 million tonnes of petroleum this

year. Unfortunately, 10 million tonnes less than that have been sent as of the present. In addition, 8 million tonnes of petroleum that were received have been sold abroad through various channels, first and foremost via commercial structures. And Russia has included this quantity in this year's quota for Ukraine. An investigation is presently underway to determine who is to blame in this. However, emphasized the prime minister at the session, in the immediate future the government will adopt decisions so that no one will want to ship abroad petroleum or any other item in short supply in Ukraine again. And we will do this, he added, not by using the forces of the Security Service or the Ministry of Internal Affairs but by economic methods.

By decision of the sixth session of the Supreme Soviet our government was allotted the right to issue documents that have the force of law. The drafts of the first of these were examined at this session.

Thus, there was an edict on halting the imposition of state customs duties on monetary transfers that are received from abroad.

The draft of this document, like a number of others, was prepared at the instructions of the vice prime minister of Ukraine and V.P. Pynzenyk, minister of the economy, with the goal of removing obstacles to the sending of foreign currency to our state. As everyone knows, Article 4 of the 18 December 1991 Law "On State Customs Duties" stipulates: State customs duties in the amount of 30 percent of the sum of the transfer are levied on sums paid to citizens by monetary transfers (with the exception of pensions) received from abroad. No other country in the world follows such a practice in the levying of state customs duties. He who sends the money pays for the operation with monetary transfers (for the service).

The practice in existence here is an obstacle to sending foreign currency into Ukraine by legal means—via banking institutions. Thus a decision was adopted to halt as of 1 December 1992 the imposition of a customs duty on the payment to citizens of Ukraine of sums by monetary transfers received from abroad.

The next edict was on a system for hard currency settlements of citizens in authorized banks of Ukraine.

The need for this edict is a result of the fact that a large number of Ukrainian citizens and citizens of other countries who live here have significant sums of freely convertible currency that drop out of state circulation and are in fact used for various speculative and other illegal operations.

According to the edict, foreign currency accounts will be opened at authorized banks without ascertaining the sources of the currency, hard currency may be used without restrictions, and income of natural persons received from hard currency savings or its obligatory sale are exempted from taxation; this will contribute to the

maximum attraction of foreign currency for the satisfaction of first-priority needs of the state.

An edict was adopted on an individual income tax on income of citizens that exceeds 60,000 coupons.

This document establishes that beginning 1 November 1992 a individual income tax is collected on sums of wages exceeding 60,000 coupons per month in the amount of 12,091 coupons plus 50 percent of the sum that exceeds 60,000 coupons.

This document, it was declared at the session of the government, is a temporary action.

Another temporary edict was discussed and adopted—on a source for increasing proprietary working capital of enterprises and organizations.

It establishes that when taxing income of enterprises and organizations the taxable income is decreased by the sum of income that they direct toward the increase in a normative of proprietary working capital caused by an increase in prices.

The session of the government also adopted two decrees. The first is on a recalculation of state pensions in conjunction with the introduction of a new minimum for them. Pensions are recalculated using a coefficient of 2.865, and the recalculation will be carried out by 15 December.

The second decree—on measures in conjunction with an increase in the minimum wage—instucts the central organs of the executive power to perform all the recalculations connected with the introduction of a minimum wage.

All these documents will be published in URYADOVYY KURYER.

Anatoliy Lobov, minister of the Cabinet of Ministers, reported at the session on the organization of work of the government and its presidium under conditions of a state of economic emergency. He talked especially about the procedure and quality of preparation of questions for review at the session of the Cabinet of Ministers and its Presidium and the management of their work. The situation, he emphasized, requires decisive and energetic actions from the government.

#### Transportation Difficulties Impede Export Industry

93UN0555B Kiev URYADOVYY KURYER  
in Ukrainian 4 Dec 92 p 2

[Article under the rubric "Panorama of the Week": "The Swan, the Pike, and the Crayfish Have Undertaken Export Shipments"]

[Text] In recent months the situation in transportation has gotten far worse. Often the right hand does not know what the left is doing. They have begun to introduce

restrictions or prohibitions on the shipment of exports, particularly on mining and metallurgical raw materials and metal. This has greatly complicated the work of industrial enterprises, nor has it benefited the railways, and has had a negative influence on some indicators of other work.

There is no clear system of planning for export shipments that would provide Ukrainian enterprises with first-priority and continuous shipment of freight. These days planning is too complex and insufficiently responsive for work under market conditions. It is being performed, as before, via the Ministry of Railways in Moscow, which, of course, gives preference to Russian enterprises and often does not take into account either our applications or the capacity of Ukraine railroads and maritime ports.

In October the Makeyevka plant, for example, "declared" 1,533 rail cars of metal, but planning only accounted for 215—in other words 15 percent of the total (although later the plant managed to receive and load 787 cars).

The actions of Ukrzaliznytsa [Ukrainian railroad] and the Russian Ministry of Railways with regard to the organization of export shipments are often not coordinated. There is no day-to-day control over the execution of plans for the movement into Ukraine of cargo being exported from the Russian Federation and other states of the Commonwealth of Independent States, and there is no system for regulating that movement. As a consequence of this unmanaged train traffic accumulates at border and port stations, paralyzing their operations. Dozens of trains are halted at the approaches to these stations. As of 24 October, for example, of the 14 trains that waited on the Odessa railroad on the approaches to Illichevsk port, 30 percent of the cargo was from Russia.

To fight such crushes the railway chiefs are using conventional prohibitions with regard to the dispatching of shipments. Such prohibitions also apply to Ukrainian enterprises (dozens of days have been chosen this year when enterprises may not dispatch their output). Ukrzaliznytsa is doing this without any coordination with the Cabinet of Ministers and the Ministry of Transportation, which, incidentally, contradicts official legislation.

Nor is there proper interaction between enterprises of railway and maritime transportation and foreign trade organizations. Governmental instructions dated 15 October obligated Ukrzaliznytsa, Ukrmorflot [Ukrainian maritime fleet], and Ukrzovnistrans [Ukrainian foreign transportation] to work out agreements on questions of such interaction that will define all technological normatives, economic responsibility of the parties, and a procedure for day-to-day regulation. But the instructions were not executed because the ports did not want to assume any responsibilities.

Because they do not bear responsibility for the idling of the cars that are accumulating on the railroads, the ports give exporters unrestricted permission to send cargoes.

Taking advantage of this, various commercial structures overwhelm ports with cargo, especially metal, without even defining how the cargoes are to be shipped from there. Sometimes these shipments lie in the ports for months awaiting their fate.

Nor are the actions of the maritime ports and the ocean lines coordinated. The receipt of cargo at ports often is not timed with the arrival of ships at all. In addition, exporters do not coordinate their export plans with Ukrainian ocean lines.

Transportation work is also seriously complicated by the lack of evenness of dispatch of cargo by industrial enterprises. Toward the end of the year volumes of export shipments grew significantly and exceeded the carrying capacity of railway corridors and maritime ports.

And none of this is coordinated with foreign companies. Trains are often halted at borders because this or that country will not accept the cargo (for example, ore going to Austria).

Taking into account these difficulties in transportation and in the relations between shippers and producers, the appropriate ministries and agencies are preparing draft decrees on a procedure for planning of export shipments as well as on a procedure for interstate planning and execution of shipments that cross the territory of Ukraine. Specialized structures will be created for the organization and coordination of these shipments. It is urgent that accords be concluded concerning conditions for interaction between enterprises of maritime and railway transportation and foreign trade organizations with regard to processing of export-import shipments at maritime ports and priority stations.

#### **Cabinet Official Field's Questions on Privatization Voucher**

93UN0555C Lvov ZA V'INU UKRAYINU  
in Ukrainian 5 Dec 92 p 2

[Interview with M. Shcherbina, acting head of the office of privatization of the Ukrainian Cabinet of Ministers, by UKRINFORM correspondent V. Vernodubenko; place and date not given: "Ukrainian Vouchers—How Are They To Be Used?"]

[Text] A few days ago in the press there appeared a report that Ukraine is beginning to issue privatization property certificates. In conjunction with this, people have been continually telephoning the editorial boards of newspapers and radio stations and asking what they are and when and how the 30,000 karbovantsy are to be used—for that is the face value of a privatization property certificate. Mykola Shcherbina, acting head of the office of privatization of the Ukrainian Cabinet of Ministers, responds to these and other questions.

[Vernodubenko] Mykola Mykolayovych, what is this Ukrainian voucher and when will we receive it?

[Shcherbina] In accordance with the Law on Privatization Securities, back on 7 July 1992 the Ukrainian Supreme Soviet approved a state privatization program and adopted a decision to the effect that privatization property certificates will be issued for a sum that equals 70 percent of state property subject to privatization. This is, so to say, the prologue to the question. Carrying out this decision, the Cabinet of Ministers adopted a decree concerning the issuance into circulation of certificates worth a sum of 1.52 trillion karbovantsy. Let me say right away that these certificates may not be sold, put into one's savings account, or used to purchase furniture or goods. You may not even touch them.

This money exists in the form of registered deposit accounts. How will they be opened? Only in accordance with lists of citizens that are compiled by organs of state power at the local level; after inspection by organs of internal affairs they are transferred to branch offices of the Savings Bank in one's area. It will be necessary to open 52 million accounts, in other words one for each citizen of Ukraine, independent of his age. To use a certificate it is not necessary to submit an application or collect up any papers. For example: You have decided to purchase stock shares at an auction or, together with colleagues, to purchase an object of small privatization, for instance a small enterprise. You must take the payment order and go to the branch office of the Savings Bank in your area. There, without any fuss, they are obligated to open an account and immediately transfer money to the account designated on that payment order. And that is all—you are an owner.

[Vernodubenko] I can imagine what sort of line there will be at the savings bank offices...

[Shcherbina] There should not be any lines at branch offices of the savings banks. The lists that I mentioned will speed up the opening of the account. Furthermore, in our state privatization essentially has not even begun. As of now, the State Property Fund has compiled a list which contains only 80 enterprises subject to privatization according to the Law on Small Privatization. Only a few large enterprises are being prepared for conversion to joint-stock status. Unfortunately, the authorities are in no hurry at the local level either: They have not approved privatization programs and there are no lists of enterprises that will be destatized. Nor are there any auctions where stock shares could be sold. So one should not expect the long lines you mentioned either today or tomorrow.

[Vernodubenko] So, formally it would seem that everything is clear. Of course those who work at a state enterprise that is subject to destatization can invest their vouchers in the business profitably. But what about retirees, doctors, and, for instance, journalists? What are they to buy for their vouchers?

[Shcherbina] They can use the services of an investment fund or a trust company that will help them place their

certificates. Draft laws on such organizations are currently being prepared. At the same time these and other categories of the population will also be able to take part in the privatization of state enterprises. How? Let us say that privatization of a large factory takes place. A portion of the stock shares are purchased by its workers, who invest their certificates in the business and add to that another half of the value in cash: They put in 45,000 each. However they do not purchase all of the shares. The rest are put up on the market, where anyone can purchase them. But here demand dictates the price of the shares, and it may increase.

[Vernodubenko] Will not rich foreigners immediately buy up these shares?

[Shcherbina] Foreigners also have the right to take part in auctions and projects. After all, the country is interested in investments. But so that foreigners and citizens of Ukraine are under equal conditions, the sale of shares to them will take place, first, in free convertible currency and, second, with a supplementary coefficient that will increase the price of the object being privatized.

[Vernodubenko] Presently people are wondering where they can "stash" their voucher and whether it will depreciate.

[Shcherbina] People need not fear depreciation of Ukrainian certificates, which, incidentally, may be used in 1993, 1994, and 1995. It is profitable for average citizens to take part in privatization because prices of privatized state property will be determined using the balance-sheet value defined as of 7 May 1992. This means that the prices today are already reduced compared to the real price. And when the government adopts its next decision on indexation of basic assets, the value of the certificates will immediately increase.

[Vernodubenko] Is it possible to use the property certificates for privatization of housing?

[Shcherbina] Housing checks with a face value of 12,000 karbovantsy will be put into circulation for that purpose. This sum will be sufficient for people to purchase 21 square meters plus 10 meters per family. This is if we are talking about a state apartment. If a person has a total apartment area that exceeds the aforementioned normative, then he can purchase the remainder with property certificates. Those people who have cooperative or individual housing receive checks and use them together with the certificates for privatization of state enterprises.

[Vernodubenko] A last question: Has this decree been late in coming?

[Shcherbina] Yes it is late. And thus our main task is to do everything we can to get the process of privatization underway. We cannot delay on this any more. It is also important for people abroad to see that the private owner is arising here, one who will defend private

ownership and fight for it. And then foreign business will not pass Ukraine by and will not fear to make investments in its economy.

### Fuel Supply Shortage Difficulties Examined

93UN0573A Moscow DELOVOY MIR  
in Russian 8 Dec 92 p 4

[Article by S. Sadoshenko: "The Energy Complex: We Will Have to Pay Not Just in Foreign Currency"]

[Text] As of 15 October an order from the president of the "Ukrneftekhim" company prohibited the sale of gasoline and diesel fuel through the retail trade network to the population in Ukraine (this prohibition does not apply to commercial filling stations which are obligated to supply fuel at a standard price established by the local state administrations). It is true, "Ukrneftekhim" no longer exists: An edict of the president of Ukraine Leonid Kravchuk liquidated that company and directors of the Odessa, Lischansk, and Kremenchug oil refineries were removed from their posts. A government commission is reviewing their work and the foreign economic activity of the Ministry of Power Engineering and "Ukrneftekhim", but all of these organizational measures are not increasing the amount of gasoline available in Ukraine.

Some background history. Prior to 1992, 55-60 million tonnes of petroleum were refined annually in Ukraine, four million tonnes of which (seven percent) were extracted inside the republic, 50-55 million tonnes (90 percent) were imported from Russia, and two million tonnes (three percent) were imported from Belarus. The refining of that petroleum yielded white products in the order of 45 percent. Around nine million tonnes of gasoline (35 percent of the total volume) were produced annually along with 12 million tonnes of diesel fuel (46 percent), three million tonnes of kerosine (nine percent), and around two million tonnes (seven percent) of household furnace fuel. This year the situation is different. First of all, deliveries of petroleum from Russia, in accordance with the intergovernment agreement, comes to only 40 million tonnes. Production of domestic petroleum in 10 months from the beginning of this year decreased by 260,000 tonnes (by eight percent). Secondly, the cracking level of petroleum at Ukrainian refineries is decreasing and currently it is 25-35 points less than in the developed countries of the world. If the petroleum cracking level would have been preserved even at the 1990 level the 40 million tonnes of petroleum from Russia could have produced around a million more tonnes of white products.

The volume of petroleum refined last October amounted to only 1,713 thousand tonnes which is lower than the amount in October 1991 by a factor of 2.5, while over a ten-month period it declined by a factor of one-and-a-half as compared with the same period last year. The output of diesel fuel, gasoline and other products also diminished. Delivery of gasoline to the national economy of Ukraine this year amounted to a mere 59.9

percent of the level of last year and that of diesel fuel—68.7 percent. While the agro-business complex of the country received 70.6 percent of the gasoline it got last year and 84.2 percent of last year's diesel fuel, other branches of the national economy got only 49.5 percent. According to official data Ukraine today has a mere 800,000 tonnes of fuel oil, which will last for only a month-and-a-half. Because of financial problems 42 tank cars of gasoline for Kiev were detained on the Ukrainian-Russian border. At that time the Ukrainian Ministry of Economy was issuing quotas while the Ministry of Foreign Economic Ties was issuing licenses for sale of petroleum abroad. In that manner authorization was issued for the export of eight million tonnes of petroleum and petroleum products. It is not enough that the import of petroleum in Ukraine is decreasing along with the cracking level, the minimum amount that is obtained is being exported outside the country with the blessing of government officials in addition to which prices for energy sources are swiftly approaching world prices. In the spring of this year Russia sold energy sources to Ukraine at the following prices: gas—454 rubles per thousand cubic meters; coal—around 2,500 rubles per tonne; fuel oil—almost 7,500 rubles per tonne.

On the basis of these prices the average rate for electricity was established at 1.43 rubles per kilowatt hour (for agricultural consumers—1 ruble, for the urban population—0.4 - 0.5 rubles, for the rural population—0.25 rubles per kilowatt hour). At present the price for fuel oil has risen five-fold (23,000 rubles per tonne) and by a factor of 6.5 for gas (3,000 rubles per 1,000 cubic meters). This was unavoidably reflected in the price of electric power. On the other hand, a rise in tariffs for heat and electricity was demanded by the 10 - 15-fold indexation of fixed capital in connection with which there was an increase in amortization deductions that also apply to the cost of production. It is worth remembering that prices for nuclear fuel for atomic electric power stations, which Ukraine receives from Russia, increased five-fold, because of which tariffs for electric power generated by atomic power stations in Ukraine rose from 0.55 to 1.26 rubles per kilowatt hour. In other words the production cost of electricity increased by a factor of 2.2 over the last six months, while that of heat increased by a factor of 2.3. The Cabinet of Ministers was compelled to review the existing tariffs (prices of energy sources in Ukraine are regulated by the state) with an eye to raising them. Tariffs rose by a factor of 2.2 - 2.3 depending on the type of electricity for all groups of consumers, except the population. By the way, it is no secret that the population will be paying for that increase in the end as well, since the producers will immediately "incorporate" the new prices for energy sources in the cost of production, and as a result, in its wholesale and retail price. In general wholesale prices in the national economy of Ukraine will rise on the average by 15 percent, which means that one can anticipate an even greater hike in retail prices in the immediate future. What are the prospects for 1993? First of all, Russia is planning to decrease the delivery of petroleum products

to Ukraine to almost a third, which means that with the need for 45 million tonnes the country will receive only 16 million tonnes of petroleum. Secondly, according to Boris Yeltsin Russia will be settling accounts with countries which have withdrawn from the unified ruble space at world prices in freely convertible currency. That means petroleum will increase in cost by a factor of three to five and natural gas—by a factor of 12 - 15. There will be a corresponding increase in prices for petroleum products as well. Ukraine, however, cannot purchase petroleum at world prices since the government lacks sufficient funds in freely convertible currency. Why talk about foreign currency when it is not known how to pay 54,121 billion rubles before the end of 1992 for petroleum delivered this year, despite the technical credit received from Russia! The situation is catastrophic but there are ways of resolving it. Some foreign firms are offering to purchase Russian petroleum for freely convertible currency and deliver it to Ukrainian oil refineries. For that service they will demand not foreign currency from the Cabinet of Ministers of Ukraine, which it does not have, but something more than that. As commonly known the country's parliament ceded all of its own as well as presidential functions in the management of the economy to the government of Leonid Kuchma. So he will have to pay and I believe we shall find out how this winter.

Contact telephone: (0562)44-00-38

#### **Republic's Demographic Situation Assessed**

93UN0592A Kiev URYADOVYY KURYER  
in Ukrainian 9 Dec 92 p 4

[Report by the Department of Demography and Family Policy of the Ukrainian Ministry of Labor and URYADOVYY KURYER under the rubric "Ask and We Will Answer": "I, You, He, She...: Demographic Problems of Ukraine"]

[Text] Having achieved state independence, Ukraine has joined the world family of peoples. Where do we stand in relation to others and what is the demographic situation in our republic?

[Signed] V. Opalenko, economist, Kharkov

Over the last 30 years the population increased by almost 9.0 million people or 22.8 percent. However, the rate of its growth began to slow down fairly long ago. In 1950-1959 the average annual rate of growth was 1.6 percent, in 1959-1969 it was 1.1, in 1970-1978—0.6, in 1979-1988—0.4, in 1989—0.3, and in 1990-1991—0.2. According to forecasts, by 2016 the permanent population of our state will increase by approximately 0.3 percent or 150,000-200,000 people.

In a number of oblasts (Vinnitsa, Zhitomir, Sumy, Khmelnitskiy, Cherkassy, and Chernigov) the population has been decreasing for 10 years. As for the rural population, compared to 1960 it has decreased by 5.8 million people or 26 percent. This decline was observed

everywhere but the Republic of Crimea and the Transcarpathian and Kherson oblasts.

The development of the national economy and of scientific and technical progress has resulted in further urbanization and an increase in the urban population. While the total population of Ukraine grew during 1961-1991 by almost 20 percent, the number of urban residents grew by a factor of 1.7. The proportion of city dwellers grew from 47.9 percent to 67.8 percent.

The tendency toward a decline in the pace of overall growth of the population has been defined by a decrease in birth rates and an increase in death rates.

In 1991 there were only 12.2 births per 1,000 people, which is 40 percent less than in 1960. In Donetsk and Chernigov oblasts the overall birthrate declined to 10.2 per thousand and was the lowest in Ukraine. Over the last 30 years the death rate of the population increased by 87 percent. In 1991 the death rate was 12.9 per thousand compared to 6.9 per thousand in 1960. For the first time in the entire history of the state, this year 35,000 more people died than were born—in other words a process of depopulation has begun. Death rates are especially high in the rural localities of Sumy, Chernigov, Kirovograd, Poltava, and Cherkassy oblasts, where there are more than 20 deaths per 1,000 people.

Over the last thirty years the aggregate birth rate (the number of children born on the average to one woman of a conventional generation across her entire life) declined in Ukraine as a whole from 2.286 to 1.934, and in such oblasts as Donetsk and Kharkov and the city of Kiev it declined to 1.6-1.7. In the meantime, for simple replenishment of the population the aggregate birthrate must equal an average of 2.1-2.2 children per woman without taking into account her marital status, or 2.6 per couple able to have children. This is possible under condition that 40 percent of families have two children while 60 percent have three. However at present the majority of families are having only one child (52.1 percent) while two-fifths of families are having two children. Many do not have children at all. Thus there must be a high percentage of families having many children to equal out those with few or no children and simply replenish the population. Presently only 8.4 percent of the families have three or more children (in 1979 the number was 8.8 percent).

It should be noted that beginning in 1988 the replenishment coefficient, in other words the number of girls reaching 15 years of age per woman passing childbearing age, was lower than one. Such a low birthrate is the result of the aforementioned orientation toward having fewer children.

The reasons for families with few children are the consistently high proportion of single-parent families that are created as a consequence of numerous divorces, as well as the sterility of one of the spouses or a repeated inability to conceive. From one instance to the next there exist objective reasons for the unrealized reproductive potential of a portion of the population and concrete

population losses for society. Data of the last censuses show that single-parent families (consisting only of mothers or, more rarely, fathers with children) make up close to 13 percent of the families while sterile families make up eight to 12 percent. In this fashion, one-fifth of Ukraine's families are presently restricted in the realization of their childbearing plans.

Replenishment of the population of Ukraine depends on the distinctive features of the functioning of the family as one of the main units of this process. The crisis situation, which has embraced all facets of life, is having a negative influence on the functioning of the family. Difficulties in the transition to a market economy and privatization of property, the threat of unemployment, inflation, and a growth in the cost of living that is excessive and not balanced by wages reduce the material welfare of the family and lead to structural and functional disorganization of family processes and the family's ties to society.

An increase in instances of divorce with their undesired consequences is one of the most important social and demographic features in the formation of the family and the marital and familial makeup of the population as a whole aggravating this problem. The indicator for divorces in Ukraine over the long term remains high. In 1991 there were 3.9 divorces per 1,000 people (1970—2.9), which is one and a half to two times higher than in France, Germany, Japan, Austria, Finland, Sweden, etc. It should be noted that in Donetsk, Zaporozhye, Kharkov, and Kherson oblasts, the Republic of Crimea, and the city of Kiev this indicator is 20-40 percent higher than the average for Ukraine. The age for divorces is showing a tendency to decline: 37.9 percent of divorces are taking place in marriages of about five years' duration. Almost two-thirds of the couples who are getting divorced have common children. The rise in the number of divorces gives rise to problems connected with the raising of children by single fathers (there are 1.5 million children in such families) and unrealized intentions with regard to a second marriage and the bearing of children.

The growing number of abortions has an effect on the level of replenishment of the population; in this category Ukraine occupies a shameful first place in the world. In 1991, for example, over 1 million of them were performed, which exceeds the number of births by a factor of 1.6. Presently there are over 80 abortions per 1,000 women 15-49 years of age, which exceeds by several times the indicator for other economically developed countries with a low birth rate (Germany—7.3; Canada—10.2; Great Britain—12.8; France—14.9; and the United States—27.4). The number of operations to artificially end pregnancies is growing among juveniles. Over 1.5 times more such operations were performed than in 1986.

The predominance of abortions compared to the application of methods and means of contraception in the regulation of births is explained by population's lack of sufficient information and the lack of medical assistance

on the question of the use of contraception as well as the lack of the contraceptives themselves.

Replenishment of the population is negatively influenced by unfavorable ecological conditions and high employment of women at enterprises with difficult and harmful working conditions. In production 10 percent of the women work in conditions that are unfavorable to their health. As an analysis of the structure of workers employed in heavy physical labor shows, women comprise 10 percent of such workers in industry and over 80 percent in construction. Many of them labor in workshops and professions under harmful conditions. In industry they comprise over 90 percent of such workers.

Women are widely enlisted for work over quotas and work on weekends. Thirty-eight percent of working women work on the night shift, and one-third of these are women 20-39 years old. This genuinely impairs their health and affects relations in the family and the health of future children.

A genetic investigation of female workers constantly in contact with dangerous substances and their derivatives demonstrated significant changes in both reproductive functions (frequency of miscarriages, birth defects, and premature births) and in the genetic cells of women and fetuses. As a result, 6,000-8,000 children are stillborn and over 40,000 women do not carry their children to term.

In recent years the environment has deteriorated in Ukraine. The ecological situation in many rayons requires the performance of a system of immediate measures with regard to its optimization and rational management. As examinations show, the frequency of birth defects in newborns and miscarriages in women of reproductive age is increasing in regions of increased radioactive background (after the Chernobyl catastrophe). The high level of air pollution in some locations has caused "additional" illness among the population ranging from 20-40 percent.

Harmful production factors and stress in combination with the influence of negative factors of the environment have contributed to the formation of ecologically-caused illnesses among pregnant and nursing mothers. Over the last 10 years these factors have resulted in an increase in miscarriages by a factor of four to six and birth defects by a factor of three against a background of a growth in general illness among infants by a factor of two. Today there are 20 children born with defects per thousand (in 1975 the figure was 13).

As a result of the aggregate influence of chemical and physical factors (according to results of a number of scientific investigations), the proportion of fertile sperm in the semen of Ukrainian men declined from 70 to 30 percent during the period 1968-1988. If this tendency along with those processes mentioned above continue to operate, then by the end of the century one cannot expect to achieve replenishment of the population in Ukraine.

One of the causes that influences replenishment of the population is migration, which presently is unregulated for practical purposes. Over 90 percent of all migrations take place in an unorganized fashion. Half of all migrational flows are made up of youths 16-24 years old, and one-fifth, of persons 25-39 years old. Among the migrants almost half are persons who have never been married. As a consequence of migration, the migrational potential has been exhausted in rural localities and sex and age proportions have been skewed. And as a result, young men are having substantial difficulties creating families.

As of 1 January 1992 the number of women of reproductive age (15-49) in the countryside was lower than the number of men of that age by almost 15,000. In addition, according to data of the last census the number of rural men who had never been married (per 1,000 people, 16 years old and up) exceeded the number of such women by a factor of 1.7, and of women of childbearing age, by a factor of 1.9. For Ukraine as a whole, close to 18 percent of the women 25-29 years old were unmarried while the percentage for men of that age was over 22. In the age group of 30-39 years one-sixth of the women were unmarried.

The level of replenishment of the population is also affected by the present imperfect system of state aid and privileges, which does not provide for an appropriate level of material welfare of families, and the problem of housing. Today close to 80 percent of the population have an average per capita income that is lower than the minimum consumption budget. Almost one-third of the families of blue and white collar workers and one-fifth of those of kolkhoz members have less than five square meters of housing per family member. In the cities of Ukraine over 2.5 million families are waiting for an improvement of housing conditions, of which 100,000 are families with many children and almost 300,000 are young families. Over 400,000 families reside in communal apartments while the same number reside in dormitories. These difficulties give rise to a crisis situation among families and hinder the bearing of children.

The unfavorable situation with the replenishment of the population in Ukraine requires urgent measures and the development and implementation of the appropriate programs that will correspond to the long-term requirements of the socioeconomic and demographic development of Ukraine.

#### **Decree on Urgent Measures for Stabilizing Operation of Coal Industry**

*935D0182A Kiev URYADOVYY KURYER  
in Ukrainian 11 Dec 92 p 8*

[Decree of the Cabinet of Ministers of Ukraine No. 682, issued on 5 December 1992: "On Urgent Measures for Stabilizing the Operation of the Coal Industry"]

[Text] In order to stabilize the operation of the coal industry, the Cabinet of Ministers of Ukraine hereby RESOLVES:

1. That the Ministry of Finance in cooperation with the National Bank of Ukraine:

—shall finance the expenditures of the enterprises of the coal industry in the full amount of funds allocated to the State Committee on the Coal Industry by Directive No. 497 issued by the Cabinet of Ministers of Ukraine on 1 August 1992;

—shall compensate coal industry enterprises in the amount of 68 billion karbovantsi for losses incurred in October-November of this year as a result of the rise in the cost of material resources and equipment, increased rates on rail transport and electric and heat power, as well as the rise in wages;

—shall apply measures to compensate coal industry enterprises in a timely manner for the amount paid this year in value-added tax on products and services.

2. That the State Committee on the Coal Industry:

—shall compensate coal industry enterprises in the amount allocated by Directive No. 497, issued by the Cabinet of Ministers on 1 August 1992, for the cost of wages paid during forced work stoppages caused by shortfalls in the delivery of strengthening materials and fuel and lubricants in accordance with the Agreement on Rates and the labor and social guarantees existing between this Committee and trade unions in branches of the coal industry;

—by 15 December of this year, shall draft and submit to the Cabinet of Ministers recommendations regarding the special features involved in applying the Law of the UkrSSR "On Enterprises in the Ukrainian SSR" to enterprises (associations) of the coal industry;

—within a month, shall prepare and submit to the Cabinet of Ministers of Ukraine a draft of the Disciplinary Statute for Workers in the Coal Industry [Dystsyplinarnyy statut pratsivnykiv vuhiynoyi promyslovosti].

3. That the Ministry of Economy jointly with the State Committee on the Coal Industry and the Ministry of Finance shall devise by 10 December of this year and implement in 1993 a new mechanism for forming wholesale prices for coal and coal products.

4. That the Ministry of Forestry together with the State Committee on Material Resources shall deliver to coal industry enterprises 162,000 cubic meters of commercial timber for pit props [dlya rudnykovoho stoyaka] by the end of this year, and 800,000 cubic meters (including 200,000 cubic meters of sawn lumber [pylovochnyk]) in 1993.

That in 1993 the Zakarpattyia, Ivano-Frankivsk, and Chernivtsi oblast state administrations shall respectively ship 87,000, 82,000, and 31,000 cubic meters of commercial timber to coal industry enterprises for use in reinforcing underground mines [kriplennya hirnychym vyrobok].

That the State Administration of Railroad Transport of Ukraine [Ukrzaliznytsya] shall provide the suppliers of timber for the purpose designated with freight cars without imposing additional payment.

That the State Committee on Oil and Gas shall provide these suppliers with 1,900 metric tons of gasoline and 1,400 metric tons of diesel fuel to ensure shipment of the designated products.

5. That the Ministry of Machine Building, Defense Industrial Complex, and Conversion shall produce 1,500 kilometers of cable products by the end of this year.

That the State Committee on Material Resources shall supply the enterprises of this ministry for the production of the designated products with 800 metric tons of copper rolled wire [katanka], 130 metric tons of lead, and 40 metric tons each of soft cable compound and polyethylene.

[Signed] *Prime Minister of Ukraine*

*L. KUCHMA*

*Minister of the Cabinet of Ministers of Ukraine*

*A. LOBOOV*

**Economic Situation on Eve of Kuchma Report**

93UN0554A Moscow IZVESTIYA in Russian

19 Dec 92 Morning Edition p 1

[Article by Sergey Tsikora, IZVESTIYA: "Ukraine: A Difficult Take-Off Run for the Cabinet of Ministers"]

[Text] Kiev—18 December was a difficult day for the Government of Ukraine headed by L. Kuchma. He addressed the parliament with a discussion of the first steps in managing the economy by way of issuing decrees which have the force of law. The Supreme Soviet granted such right to the Cabinet of Ministers for a period of time.

So far the accomplishments of the government have been extremely modest. During the month, no directives which could interest enterprises and provide incentives for them to increase the output of products have actually been issued within the walls of the Cabinet of Ministers. The situation in solving the problem of deliveries is no better. Repeated statements that oil from Russia has begun arriving at Ukrainian plants turned out to be backed up by nothing—mere words by members of the cabinet.

Discussion of the issue of mutual relations between the national bank and the government does not promise to be peaceful. It was announced at the last meeting of the Supreme Soviet that the government is seeking a new infusion in the form of the emission of 230 billion karbovanets, which will completely depreciate the coupon-karbovanets; its rate of exchange against the Russian ruble will range somewhere in the vicinity of two coupons per ruble.

The internal "adjustment" of members within the cabinet has not been without problems. There has already been the first request to resign and the first dismissal

orders. In addition, the flame was fanned by a presentation in the parliament by People's Deputy Larisa Skorik, who publicized two dozen names of deputies who "shook loose" licenses to export goods in short supply from Ukraine. The names of current members of the government are also mentioned on this "blacklist."

### National Bank Official on Republic's Place in 'World Financial Order'

*93UN0554B Kiev NEZAVISIMOST in Russian  
11 Dec 92 p 4*

[Interview with Oleg Rybachuk, chief of the international relations department of the National Bank of Ukraine, by NEZAVISIMOST correspondent M. Frenkel; place and date not given; under the rubric "Interviews of Current Interest": "Foreign Countries Will Help Us?"]

*[Text] A change of Cabinet of Ministers, which came as a surprise to many, and the subsequent beginning of monetary reform have nonetheless failed to elicit particular emotions from the common residents of Ukraine. This is not surprising because the initial stage of the reform primarily affects "noncash" operations.*

*Nonetheless, questions are arising. Many readers are first of all interested to know whether Ukraine is finding its niche in the world financial and economic order. If so, how does this happen?*

*Oleg Rybachuk, chief of the international relations department of the National Bank of Ukraine, maintained in a conversation with a NEZAVISIMOST correspondent: "This is happening, and it will happen!"*

**[Frenkel]** Oleg Borisovich, quite recently a government delegation visited the United States. What issues were resolved in the course of this visit? What did it accomplish for the international relations of Ukraine?

**[Rybachuk]** I will say, without being sarcastic, that an historic event occurred last fall. Ukraine signed documents on joining the International Monetary Fund and International Bank for Reconstruction and Development, and several weeks prior to this—on joining the European Bank for Reconstruction and Development, too.

**[Frenkel]** However, the deputy president of the World Bank, Mr. Larry Summers, said at that time that it would be very difficult to cooperate because of the authoritarian method of managing the economy which still exists in Ukraine.

**[Rybachuk]** This is not quite so. I attended a meeting with Mr. Summers. It should be explained precisely how international financial structures perform their operations. Meetings of the 167-170 countries which belong to the IMF and the IBRD take place at annual forums in Washington, where their headquarters are located. This year most of the former republics of the Soviet Union

joined this organization. Since this is a financial establishment, each country buys a certain amount of stock, and later enjoys the right to draw, from the community pot, credit, financial aid, and, most importantly in our case, consulting and technical assistance. This is primarily about qualified experts coming to Ukraine and providing assistance to us. Incidentally, Anthony Latter, a permanent representative of the IMF who holds a high position in the Bank of England, is currently working in our country. He has been sent here by the fund in order to provide consulting assistance right now, when we are facing the complex task of carrying out monetary reform.

The functions of the IMF and the IBRD (International Bank for Reconstruction and Development) are delineated in a certain manner. The fund sets the task of rapidly ameliorating the financial and economic situation in a country which has joined its ranks and, most importantly, developing an economic program which would be acceptable for investors prepared to extend credit to us for quite specific projects. The demands of the IMF in this case call for reducing the budget deficit, controlling inflation—in a word, a strict monetary policy. Such a program is usually developed and thoroughly studied by experts, and subsequently submitted to the council of directors, on which more than 150 states are represented. If the program is adopted, credit is extended. Thereafter we may actively cooperate with the World Bank, which operates with the long term in mind.

**[Frenkel]** During the Soviet period our press wrote continually that the IMF and the IBRD are monopolistic organizations which merely talk about their desire to help and create financial order, whereas actually they wish to impose their will on other countries..

**[Rybachuk]** Our delegation of seven worked very intensively. You know there are meetings and meetings: There are protocol, summit, and other meetings, where the discussion is informal. We were shown the rating of all the banks of the world. The World Bank ranks first precisely in its skill in credit work, in defending the interests of its shareholders. This indicates that the financial elite, the best experts, are assembled there. If they examine a particular project, it is easy to understand their doubts. No Western investor will invest funds "just like that," for "beautiful words." He will only do this once the economic position of a specific country has been researched.

We should note at this point that in the last half year alone perhaps several dozen missions have visited the National Bank and the Ministry of Finance of Ukraine in order to study and collect analytical materials. A tremendous effort has been made.

Can we say that they are being dictatorial? The situation is complex in that we cannot be put in any typical group, such as, for example, developing countries. They tell us openly: "We would like to help you. Let us look for ways." For example, the Central Bank of the Netherlands allocated \$1 million to coordinate our cooperation

with the world community. This has to do with the fact that Ukraine belongs to a group which includes the Netherlands, Israel, Romania, Moldova, Cyprus, and a number of other countries. The Netherlands has shown good will with regard to Ukraine and has done a great deal in the course of preparations for our accession to the fund and the bank. In turn, Ukraine voted in favor of the Netherlands representing the entire group.

[Frenkel] On what principle are such groups established?

[Rybchuk] The criteria are as follows. First, it is voluntary. It is prestigious to be in the same group as the Netherlands. It enjoys very great authority. I was surprised to learn that the gold reserves of the Bank of the Netherlands are greater than those of France or England, and that the president of the Bank of the Netherlands was acknowledged to be the banker of the year. This small country has great experience and authority, and it represents us worthily. As a shareholder, Ukraine ranks second in this group. At present there is a position for the permanent representative of Ukraine, a deputy executive director, on the staff of the IMF. Ukraine will have two representatives in the World Bank, which is also very important.

Incidentally, I was very much surprised to see that the Ukrainian Embassy in Washington has seven employees, whereas the Russian Embassy has about 200.

[Frenkel] However, in this case, should we view these contacts as recognition of the fact that Western financiers are betting on Ukraine after all, that is, they believe that large cataclysms are not expected here? They would not invest anything in Ukraine or agree to contacts in the area of finance?

[Rybchuk] Certainly. Several years ago the European Bank for Reconstruction and Development appeared, and quickly came into its own. In opening a meeting with a Ukrainian delegation its president, Jacques Attali, stressed in particular his personal interest and attention to Ukraine. One of them said that it is without precedent for a country equal to France in territory, with a developed industrial infrastructure and a high standard of agricultural production, to suddenly spring up in the center of Europe within a few months. This is "why there is great interest in us. We felt that at the meeting."

Our partners were troubled by and could not understand the fact that Ukraine was late joining these organizations and that genuine cooperation between us is not underway. This is why IMF and IBRD representative offices have already opened in Ukraine. Several large banks did so even earlier: Deutsche Bank, Dresdner Bank; the opening of new representative offices is under discussion. There is very great interest in Ukraine.

[Frenkel] What is Ukraine's interest in this? What can all of this accomplish for us?

[Rybchuk] If we succeed in adopting an economic reform program which is approved by the IMF, Ukraine may count

on receiving significant credit very soon, and primarily earmark it for sectors which are vital to the republic.

Jacques Attali said that a risk fund has been established for investment geared toward conversion. This is the foremost issue for Ukraine. We have enterprises for which it is vital to restructure and switch to a peaceful footing. Western investment and the tremendous intellectual capital of our defense sector employees should produce results quickly.

The International Bank is interested in investing in programs for protection of the natural environment and the development of agriculture. In particular, a project was discussed whose outline is very simple and convincing.

It is more advantageous for foreign investors to manufacture products in Ukraine and sell them to Third World countries than to ship products to them across the entire planet. After authority is gained in the production of goods, we may switch to Ukraine's own brand names. The only issue is to carry out these projects fast. It is necessary for Ukraine to integrate into the international economic system.

[Frenkel] Oleg Borisovich, apparently the introduction of a Ukrainian currency was also discussed at these meetings. Various statements appear in the press from time to time. What can you say in this regard?

[Rybchuk] We were forced to introduce the coupon at the beginning of the year in view of a catastrophic cash situation in Ukraine. The coupon gradually forced the ruble out of cash circulation. At a meeting in London it was stressed that each state has only one opportunity to introduce its own currency. If the first attempt is unsuccessful, later it is virtually impossible to ensure confidence in this currency. This is precisely why we are so careful in approaching the issue of the timing of its introduction.

Inflation is expected to peak in Ukraine in the first quarter of next year. It is just insane to introduce the national currency before we have passed the peak. This is like planting grain in frozen ground. Economic stabilization should not be expected to come all that soon. In turn, the currency should be introduced once our economy has the worst behind it. This is the main issue for specialists from the National Bank. In Ukraine they believe that the hryvnya may stabilize the situation. However, sober economic calculations exist, and we have no right to fail and cheat the people. Everybody hopes that the hryvnya will be a hard currency. To this end, an entire set of problems should be solved.

[Frenkel] You mentioned that big-time policy issues are often resolved in the course of confidential conversations rather than during negotiations? So, how is it?

[Rybchuk] During recent meetings we talked to our colleagues as people we know well. We believe that Ukraine will be given extensive support. Unofficial

contacts help us solve many problems more successfully. We have succeeded in changing a guarded attitude toward Ukraine.

During the last meeting with an IMF delegation headed by Mr. Brau one of the main questions which concerned our guests was: Does the National Bank of Ukraine have real instruments to pursue a firm monetary and credit policy? Will the National Bank of Ukraine be able to resist the most powerful pressure applied by the agro-industrial lobby, which demands new infusions of credit?

We reassured our guests: The National Bank reports only to the parliament on issues of determination of the size of monetary emission and the development of credit policy. This happened literally the day before the decision was made to expand the powers of the Cabinet of Ministers, with the attendant operational subordination of the National Bank to it.

[Frenkel] Was Vadim Hetman's resignation from the post of chairman of the board of the National Bank of Ukraine perhaps associated precisely with this?

[Rybachuk] Only Vadim Petrovich himself can answer this question. I would only like to recall that when the Supreme Soviet voted in favor of allocating additional credit to agriculture, which accomplished little and brought about an appreciable deterioration in relations with Russia, the management of the National Bank was categorically against this decision. However, they were not heeded. There is no guarantee whatever that any lesson has been learned from this.

[Frenkel] How may representatives of the largest financial structures of the world, with whom the National Bank of Ukraine has already managed to establish contacts, respond to these events, after all?

[Rybachuk] I might say that, judging by numerous telephone calls, they are showing concern. However, since the prime minister has officially invited IMF and IBRD experts to join in developing a program of economic reforms in our country, there is hope that the cooperation of Ukraine with the international community will continue.

#### **Topical Commentary on 'Budget Crisis'**

93UN0574A Kiev URYADOVYY KURYER  
in Ukrainian 11 Dec 92 p 3

[Article by Leonid Samsonenko in the rubric "Topical Commentary": "The Sword of Damocles of Debt"]

[Text] Apart from an economy in total disequilibrium, Leonid Kuchma, the second head of the independent Ukrainian government, inherited a debt to the National Bank of Ukraine of more than 300 billion karbovantsi.

That is the sum expected to be issued in credits to the state by the end of this year. According to Semen Moroz, the head of the Main Budget Administration of the Ministry of Finance of Ukraine, on 1 December state

budget revenues totalled 753 billion karbovantsi, while expenditures amounted to 1 trillion 80 billion karbovantsi. A similar situation exists in the execution of all local budgets. It is true that a little over 100 billion karbovantsi still remain in their accounts, but this sum will not make a perceptible difference. At best, it will reduce the amount of indebtedness to 200 billion karbovantsi.

Experts explain the budget crisis as primarily the result of the hyperinflation being experienced by Ukraine's economy, which, as we know, is accompanied by a sharp rise in prices and hence, increased expenditures. It cannot be said that the former government did not predict spiraling prices, but, unfortunately, their predictions proved rather optimistic. Nonetheless, there remains the obligation to carry out the guarantee given by parliament regarding the average wage of certain categories of workers. In particular, current legislation requires that the wages of pedagogical personnel correspond to the average wage in industry. Salaries of those engaged in the fields of culture and medicine must match average wages in the economy as a whole. As has now become apparent, these expenditures are very high, yet they were not included in the budget, because the necessary estimates were not available at the time that the budget was approved. For example, education workers alone have to be paid 52 billion karbovantsi for the period between 1 July and the end of the year. Furthermore, the rise in the third quarter of the average wage in industry to 7,600 karbovantsi has created the need for an additional 10-15 billion karbovantsi.

Subsidies also have a significant effect on increasing the volume of credit issuance. Just in the period remaining to the end of the year, 261 billion karbovantsi will be paid out to rural workers as compensation for price increases on industrial products. In addition, containing the liberalization of prices on coal, which could cause a chain reaction throughout the entire economy, and the regulation of prices and rates in the housing and municipal services sector is costing the state treasury nearly 150 billion karbovantsi.

The question arises: if additional unforeseen expenditures were growing, how were they financed and which expenditures were reduced? Unfortunately, as Semen Moroz explained, it had not been possible to reduce expenditure, and excessive inflation merely ensured the growth of expenditures.

We see an opposite picture on the revenue side of the state budget. Total revenues in all budgets were expected to amount to 1 trillion 175 billion karbovantsi. But total revenues at the end of ten months of this year amounted to only 770 billion karbovantsi. Estimates indicate that revenues fell short by a minimum of 180 billion karbovantsi during this period. Experts cite as the main reason the disequilibration [rozbalansuvannya] of the payments system with enterprises in the Russian Federation. Many Ukrainian producers have still not been paid for products shipped several months ago. This decrease in income has resulted in a corresponding fall in revenues

in the state budget from taxes on profits and value-added taxes. The overall decline in production has also expanded the gap between revenues and expenditures.

In these conditions, the primary objective of the budgetary policy of the Ukrainian government was to maintain a balance between revenues and expenditures and to abide by a stringent regime of economy by financing only priority outlays (wages, food, medicine, the army, etc.). In light of the rapid rate of inflation, at the beginning of this year, the Ministry of Finance began financing expenditures on a quarterly basis, and beginning with the second half of the year, on a monthly basis. However, there occurred no perceptible replenishment of the state treasury. Instead, new expenditures appeared in connection with providing social security for the population and guaranteeing a certain living standard. Above all, this involves carrying out the government's decision to increase minimum pensions and wages. The implementation of this measure will cost the state an additional 100 billion karbovantsi. The need to build housing and projects designated for social and cultural use has also become acute. The Ministry of Finance has been charged with finding additional sources of financing for completing and continuing this construction. Unfortunately, all available sources have long since been exhausted, and there remains only one means of financing expenditures—a new issuance of credit by the National Bank.

A vicious circle? The government hopes to break it and thus control expenditures next year. The calculations made by ministries and departments and the estimated expenditures in the prospective plan for the development of Ukraine's economy in 1993 indicate that expected revenues will not be sufficient to cover total expenditures. Consequently, at a recent meeting of the Cabinet of Ministers, Finance Minister Hryhorii Pyatachenko proposed that the budget be approved only after the state's financial resources are balanced. Critically assessing the situation, the new government rejected the dead-end street of credit issuance and decided on achieving a real balance of revenues and expenditures. The preparation of the budget will have to be done at the beginning of next year, by which time the prospective plan will be completed and expenditures balanced against revenues.

It is not easy for those constrained by poverty to rise to their feet. The new government wants to do this, and we hope that it will succeed. The burden of external and internal debts hangs over it like the Sword of Damocles. The prestagflationary crisis in the economy and the need to accelerate the introduction of the national currency will leave it no room for error. Painful though it may be to admit, the 1992 budget provided for almost no resources for financing economic development. If we continue merely eating up our revenues, we will soon be left with nothing to portion out.

**KAZAKHSTAN****Nazarbayev on Policies, Personal Life**

*93US0246A Moscow ARGUMENTY I FAKTY  
in Russian No 51-52, Dec 92 pp 1-2*

[Interview with Kazakhstan President Nursultan Abishevich Nazarbayev by N. Zhelnorova: "Peacemaker Nazarbayev"]

[Text] Kazakhstan is quiet and calm now. A year of independence has passed both without any impressive results and also without the spilling of blood. The people are living with the hope that the president will be able to turn the life of sovereign Kazakhstan for the better.

[Zhelnorova] Nursultan Abishevich, was there any kind of miraculous incident in your life that could have given a sign that a high purpose awaited you?

[Nazarbayev] After school, I departed on a Komsomol [All-Union Leninist Communist Youth League] assignment to a building site as a concrete worker; I completed the Dneprodzerzhinsk school, I was a worker at a blast furnace, I worked 17 years in the Karaganda metallurgical combine, I graduated from a VTUZ [higher technical educational institution] and I became convinced in it that I was created for metallurgy and that I would spend my whole life in this work. I can scarcely talk about an incident, but there were some amazing coincidences with certain predictions. My grandmother said that she frequently saw me in her dreams on a white horse flying in the sky, and she prophesied a great future for me. This, apparently, developed a healthy ambition in me. And I also remember Dmitriy Pogorelov, a teacher in the school. He said this to me: You, Nazarbayev, will be the chairman of the Council of Ministers. He told another person that he would become a shop foreman. A third, that he would go to jail. And what do you think? It all happened exactly this way in life.

[Zhelnorova] Mr. President, try to explain why the sovereignty of the republics starts with national "dismantling." Each country has declared its independence, and it would seem that now everything bad would be over and the outlook would be good. Instead of this, there is continuous fighting and carnage, and a clarification of relations.

[Nazarbayev] Sovereignities were declared long before the formation of the CIS, under conditions when the USSR still existed. We declared it in October of 1991. Moreover, we were not the first to do this, but after many republics. Therefore, it should not be thought that the declaration of sovereignties was to blame for all of this.

[Zhelnorova] But why did this coincide in time?

[Nazarbayev] It coincided as a result of the poor life of the people. The first reason is that the roof collapsed in the form of the Union. The CPSU Central Committee, Gosplan [State Planning Committee], Gossnab [State

Committee for Material and Technical Supply], and the Government left the arena, and the economy fell into very difficult crisis conditions because of inadequate deliveries. Entire plants began to suffer and, indeed, whole republics, because all of this was tied together in one tight knot: Everything was interdependent. Some delivered equipment, and others acquired the raw materials. This is one of the main reasons for the fall in the standard of living. This state of uncertainty excites people and results in their dissatisfaction with everything. But when society is unhappy with everything, ideas are born with which simple people can be carried away. And what is most easily understood by everyone is nationalism. Somebody should answer for your poor life. Who? People of another nationality. This is first.

Second. Do you remember the recent ideological claim that the merger and friendship of nations and peoples had reached such a degree that all of us were a united Soviet people? There actually was friendship, but, after all, at the same time the soul of each people had a suppressed national pride. I consider this the main reason for the fall of the USSR as an empire. It was not the state that collapsed in our country, but specifically the empire. And this suppressed condition of national feelings, when enormous damage was done to a language when children were forced to forget their own history, culture, and traditions, and when a massive mixing of peoples and the Russification of the population was going on, made itself felt. Although many found a niche for themselves in life, and it was endured, this was bound to break down.

Further, specifically about Kazakhstan. The steppe was a place of salvation for people who were fugitives from reaction. It was always a place for exile. During the war, the republic became a place for the deportation of people from the Caucasus, from the east—Koreans, and from the Volga—the Germans. Later, there were the virgin lands and industrialization. Every person, after coming here, thought that he was here temporarily, and that afterward he would leave. However, he got accustomed to it, worked, got married, and settled down to a family life despite himself. But Russia was a kind of safeguard for him. Now all of this has gone. And citizens have to get accustomed to Kazakhstan not as a part of an empire, but as a separate independent sovereign state. And the politicians should conduct this process gently, in a civilized way, protecting people's rights. Frequently in life, everything happens just the opposite. Although people over the vast space of the former Soviet Union have no reason to kill one another, the politicians who craved power have exploited the psychological discomfort of the people; they raise national banners, and they pit one people against another.

[Zhelnorova] This is a war of the politicians, and not of peoples?

[Nazarbayev] I was with Yeltsin in Stepanakert, Baku, and Yerevan. We knew that none of the common people would take up a pitchfork and go out to kill a neighbor

without a reason. But the politician provides the very first impetus, blood is spilled one time at his instigation, and afterwards the process then becomes uncontrollable.

[Zhelnorova] Do you think it is possible that this could happen in your country, in Kazakhstan?

[Nazarbayev] The period of my presidency has coincided with a difficult period in our history. The sources of conflict and bloodshed emerged in the former USSR. Here in Kazakhstan, we were able to explain to the people that this is not our way. I ascribe the stability most of all to the breadth of the soul of the Kazakh people (after all, approximately a half of the population of the republic is Kazakh) and that of the other nations and peoples who are now citizens of the republic. Nowhere, in any kinds of documents, have we proclaimed the superiority of one people over another: We have emphasized the equality of all people everywhere, notwithstanding their nationality or religion. And the main thing is that we put this policy into practice.

[Zhelnorova] But, in that case, how about the Russians—they, after all, are now leaving the boundaries of your country?

[Nazarbayev] And the Kazakhs who live in Russia are also leaving Russia.

[Zhelnorova] Do you think that this is a natural process and that it should be viewed calmly?

[Nazarbayev] No, it is impossible to look at this calmly. Any departure is a great loss for us, for our economy, and for our future. In general, approximately 75,000 persons leave Kazakhstan and 80,000 arrive here. But in the last three years, 190,000 arrived and 203,000 departed. But it is not only Russians who are departing and arriving. For example, of those who left, 75,000 persons are Germans. But the arrivals are from Tajikistan, Uzbekistan, Russia, and Mongolia. People are troubled by what is happening around us. They think about their children, and they fear that this fate might befall them at some time. They are afraid not so much of the present as of the future. But these are not refugees. People are selling apartments, they are establishing a base in a new place, and only then depart or arrive. In a word, people are acquiring that which they secretly aspired to for many years. While before they had a kind of common motherland, now it has become a foreign country. But they would like to be closer to the motherland.

[Zhelnorova] Do you think that an association of Muslim states is possible?

[Nazarbayev] No kind of weak little state can live independently; it will be unable to prosper. The processes of integration are inevitable. This has been demonstrated throughout the world. There have been proposals from Muslim states on assistance to us. But the main thing for us is economic cooperation. Moreover, under equal and mutually beneficial conditions with the entire civilized world. As for the natural affinity of the

Muslim people, who are united by a common history, language, culture, and traditions, it would be terrible to obstruct this.

[Zhelnorova] You are considered to be a skilled politician: You do not offend anyone, and you have common sense, firm convictions, and, most important, consistency. Is this CPSU schooling or an innate sense that does not permit you to behave impulsively?

[Nazarbayev] In the former Union, no one was taught to be the head of state. However, through his entire life a person accumulates his own knowledge, and he forms himself. The path of life one has travelled means a lot. But the type of character—this is from God.

Whoever wants to have political weight has to work on himself. I try to keep up with all of the problems. Together with assistants and consultants, I discuss forthcoming steps and analyze the situation. My colleagues help me to develop a well-reasoned policy.

[Zhelnorova] How is authority divided in your "beloved triad": the president, parliament, and government?

[Nazarbayev] We are establishing three branches of power. Their rights and duties will be defined by the new Constitution. But for now, we often copy that which others have. The range of opinions, populism, protecting oneself.... Many of the deputies do not have the necessary training. This is not their fault; they were all elected in the past, according to the old principles. But the result is mistakes in making decisions. A professional parliament is needed.

[Zhelnorova] You took Gorbachev's path: You are seeking more recognition abroad than inside the country. Is it easier to win trust there, especially if there is no such thing as a prophet in his own country?

[Nazarbayev] I hope that I am not trusted less in Kazakhstan. But an independent, sovereign state has to set up direct ties with foreign countries. I am setting a pragmatic objective for myself, and I am not seeking any kind of political dividends abroad.

[Zhelnorova] Why have you started to copy our bad Russian experience?

[Nazarbayev] But where could one turn? The border is open. If we did not free prices, then neighbors would take advantage of this. Indeed, even now, the price of a kilogram of bread in our country is not more than R16. And this, of course, is taken advantage of by residents of oblasts that border Kazakhstan.

[Zhelnorova] I sense that you are by no means always satisfied with the relations between Kazakhstan and Russia.

[Nazarbayev] Of course, there are reasons for this. We will by no means receive money for grain. Russia is not paying us, although now as a result of negotiations with

the new premier of Russia, Viktor Chernomyrdin, it seems to me that we are finding mutual understanding.

As for mutual deliveries, we are carrying out our obligation. Eight million tonnes of crude oil goes to Russia, although we could sell it abroad for hard currency. Accordingly, in exchange we receive petroleum products from Siberia. And what do you think? The managers of oblasts are taking and blocking these supplies to us. We at times do not know with whom to do business—with the government or with the oblasts.

And nevertheless, we will conduct work in general with the Russians. Because of a breakdown in coordination at the governmental level, thousands of collectives, the common people, whether they are in Russia, Belarus, or in Central Asia, should not suffer.

So, let them not think that Nazarbayev is a villain. Moreover, we understand that the stability and success of Kazakhstan depends in many ways on the stability and success of Russia.

[Zhelnorova] Are we doing the right thing, when entering into reforms, we orient ourselves on assistance from the West?

[Nazarbayev] It must be understood that for the West, Russia is always a part of Asia, the source of cheap raw materials. But for Asia, Russia is a solid partner. Russia itself is strong in its Asian part. And it is impossible not to consider this in foreign policy. Our future is based in the past. The Slavs and the Turks were always together. As for the assistance of the West, then here also it is time to understand that no one gives anything for nothing.

[Zhelnorova] Are you a religious person?

[Nazarbayev] I would be insincere if I say that I do not feel anything in my soul. I grew up in a family of believers, and I cannot say that I was a militant atheist. Each person has his own God, and we are under his wing.

[Zhelnorova] Your greatest difficulties?

[Nazarbayev] They are in the economy, because we were compelled to accept the Russian rules of the game when free prices were introduced, inasmuch as we were with open borders in a single ruble zone. None of my urging of the leadership of Russia about the need for a gradual transition produced an effect. It is difficult now to find an organized element in this chaos that we created for ourselves. I think that it is necessary either to free prices completely and switch to trade in world prices, or to close the borders and introduce our own currency.

[Zhelnorova] Your enemies?

[Nazarbayev] I think that I have more friends than enemies. I am trying (and this happens quite often) to make people who are close out of enemies.

[Zhelnorova] This means that you are the opposite of our president, who with unusual ease loses his supporters and multiplies the camp of his opponents.

[Nazarbayev] There were a lot of people who came out against me publicly, but who later became, if not friends, then not enemies, either.

[Zhelnorova] Your mistakes?

[Nazarbayev] Perhaps I appear somewhat self-confident, but I do not think that I made any kind of particular mistakes that would influence the situation inside the state. I always try to ease the blows delivered to people because of the poorly reasoned actions of other politicians.

#### Nazarbayev Anticorruption Decree Reviewed

93US0229A Moscow *IZVESTIYA* in Russian 15 Dec 92 Morning Edition pp 1-2

[Article by Vladimir Ardayev, *IZVESTIYA*: "Nazarbayev Declares War on Corruption"]

[Text] It seems that N. Nazarbayev, the president of Kazakhstan, has initiated a program for the employment of "tough measures" to establish order in the sphere of activity of state organs, which he promised recently in public speeches.

So, on 5 December the local press published a decree signed by him "On Increasing the Responsibility of Officials of State Organs of State Administration for the Status of Discipline, Public Order and Safety," in which it is stated: "Analysis of the existing situation in the socio-political, economic, and social spheres is indicative of serious negative processes in the activity of all elements of organs of state administration. The lack of control, the disorganization, and the low level of discipline in the executive and administrative structures are assuming a threatening nature. Officials more and more frequently abuse their official position for the purpose of achieving their own material well-being. Despite the measures that are being taken, the level of crime is rising steadily, including its organized forms. Dissoluteness and permissiveness reign in the streets and in public places in cities and in villages. Bribery and extortion are widespread..."

To correct the situation, the president instructed the government, the Procuracy General, and the National Security Committee of the Republic to conduct a whole series of check-ups. In addition to verifying the implementation of the president's edict of 17 March 1992 "On Measures for Strengthening the Struggle against Organized Forms of Crime and Corruption," an analysis will be made of the propriety and soundness of issuing licenses for the right to export nonferrous metals, rare earth elements, raw materials, and material resources beyond the borders of Kazakhstan, and also the effectiveness of measures to prevent the export of products, commodities, and raw materials without drawing up

licenses. Very strict measures are promised for parties guilty of violating procedures for the issuance of licenses.

The activity of various entrepreneurial and commercial structures created under the aegis of organs of state administration is being checked for the purpose of exposing possible cases of abuse, the use of state means and resources for other than their intended purpose, and the illegal participation of managerial personnel in entrepreneurship. A check will be made on the condition of work in the state regulation of patent-licensing relations in the sphere of international tourism, and on the practice of the travel of workers of state enterprises and institutions on official trips abroad.

The committee on state financial control jointly with the law enforcement organs have been instructed to organize a multilateral and full check on the financial activity of state, joint stock, commercial, and private banks. The committee for state property and the Procuracy General—on the legality and justification of measures employed in the localities for the destatization and privatization of state property.

In addition, the Ministry of Defense, the MVD [Ministry of Internal Affairs], and the KGB of Kazakhstan will have to prepare and submit for examination by procuracy organs before 1 February materials on all cases of desertion of servicemen from the Armed Forces, and Internal and Border Troops, and the evasion of active military service by draftees. It has also been decreed that measures will be undertaken within a month's period to establish order in the streets, squares, and parks, which are transformed at present into a spontaneous trading site. The president ordered the provision of a continual check on the repertoire of movie theaters, video salons, and other places for the conduct of cultural and entertainment functions "for the purpose of not permitting film shows and public speeches that propagandize the cult of violence, cruelty, and pornography."

For the organization of control over the progress of the implementation of this decree, an operational group has been set up that is headed by Prime Minister S. Tereshchenko, and its members are the state adviser, the procurator general, and the heads of the NSC [National Security Committee], MVD, and Ministry of the Press and Mass Media of Kazakhstan.

On the very same day, the heads of the Ministry of Finance and the Main State Tax Inspectorate of the Republic signed two more documents, which, it is true, have not been published in the press yet. The first is an instruction on the procedure for state officials to surrender gifts to the state fund that they received from organizations and citizens of other states in connection with the performance of official duties. In accordance with this document, the surrender to the income of the state applies to any gifts, except for food products, whose cost is above 500 rubles [R]. As is stated in the instruction, persons who receive gifts surrender them "in the event of receiving a gift immediately before departure

from abroad (at an airport, at a railroad station) or en route, and also on the territory of Kazakhstan—in the organization in which they work, or in the organization that assigns them to an official trip abroad. In the rest of the cases—to appropriate institutions of the Republic of Kazakhstan abroad."

The second document is an instruction on the procedure for submitting a declaration on the property situation of one's family by persons that hold a management position in organs of state authority and administration who acquire state property during the course of its privatization.

#### Kazakhstan Reviews Agricultural Performance, Assesses Prospects

##### Nazarbayev, Turumbayev Address Meeting

934A0529A Alma-Ata SELSKAYA NOV in Russian  
No 47, 20 Nov 92 p 1

[Unattributed article: "In Honor of the Holiday"]

[Text] "Honored greetings to the farm workers who have raised an abundant harvest, which strengthens the independence of Kazakhstan," said Kazakhstan Republic President N. A. Nazarbayev, opening the ceremonial meeting of representatives of the capital's community and emissaries from the republic's oblasts, devoted to the Day of Workers in Agriculture and the Agro-Industrial Complex. This meeting was held on 13 November in the Abay Theatre. The president warmly greeted the workers of the APK [agro-industrial complex] on their professional holiday, and wished them new successes in their work, good health and happiness.

Deputy Prime Minister and Minister of Agriculture B. M. Turumbayev also presented a speech.

Supreme Soviet Chairman S. A. Abdulin was present at the meeting.

A concert by masters of the arts was presented in honor of the meeting participants.

##### Turumbayev Interviewed on Grain and Credits

934A0529B Alma-Ata SELSKAYA NOV in Russian  
No 47, 20 Nov 92 p 1

[Press conference interview with Kazakhstan Republic Deputy Prime Minister and Minister of Agriculture Baltash Moldabayevich Turumbayev, conducted by SELSKAYA NOV correspondent Mikolay Moisy: "There Is Grain in the Republic: Now It Is Important To Manage It Wisely"]

[Text] At the republic's Ministry of Agriculture, Deputy Prime Minister and Minister of Agriculture Baltash Moldabayevich Turumbayev recently held a press conference. Here is how he answered questions posed by our SELSKAYA NOV correspondent, Nikolay Moisy in the course of that press conference.

[Correspondent] Baltash Moldabavevich, the gathering of the harvest has been completed and now we may draw up its final totals.

[Tursumbayev] Yes, in the current year we have raised and completely gathered an unprecedented harvest. Each hectare of field in the republic yielded 14.5 quintals, and over 32 million tonnes of high-quality grain have been milled. And this entire huge harvest has for the first time been gathered through our own efforts, if we do not consider the insignificant help given to us by Belarus and Uzbekistan. Of course, we needed titanic efforts by the labor collectives and farms, and huge organizational work by managers at all levels.

[Correspondent] And now it is very important to preserve and correctly realize the harvest?

[Tursumbayev] This for us is the primary task. Today in the northern regions there are around a million tonnes of raw grain with moisture content of from 18 to 20 percent. We are transporting it to the southern, eastern and western regions, so that we can dry it there at the grain receiving stations and grain elevators.

We will sell only one million tonnes of grain for freely convertible currency. The currency will go for the purchase of equipment for the agrarian sector. We need around four million American dollars to buy herbicides and pesticides. Through the sale of grain we hope to implement certain programs and agreements with Germany, France, and the American "Monsanto" Company, which has been working in the fields of our republic for two years now, and which has achieved good results. We also need currency for buying 60 complexes for planting potatoes from Holland, as well as other equipment. After all, we must think about tomorrow.

[Correspondent] Today the greatest hardship in the economy is inflation. And it is very important not to sell our grain too cheaply.

[Tursumbayev] Yes, the monthly inflation rate today comprises 20-25 percent. Therefore, we will have to adjust the price mechanism and regulate export prices on a monthly basis. For this we have our own international agricultural exchange, and we keep in contact with exchanges in Russia and Europe, so that we are well aware of prices on grain. Today the starting price on grain is 35,000 rubles per tonne, but later bread will cost more.

[Correspondent] Since the price of grain will go up on the foreign market, evidently its price will increase also on the domestic market. That means that the prices on bread and bakery products will also go up in the stores?

[Tursumbayev] I received a letter with a similar question from a veteran of war and labor. What can I answer? The farm workers have given the state 10 million tonnes at 9,200 rubles [R] per tonne. They have fulfilled their debt. This figure today is what determines the price of bread in retail trade. But what is happening? There are fixed

prices on grain, but on everything else—from water to power sources and farm equipment—there are market prices. All this is going up every month. However, we are not going to raise the initial price on grain. And if the government finds the opportunity to allocate subsidies through the "Kazkhleboprodukt" concern, through trade or by some other means, then the prices on baked bread could remain at the current level until the harvest of 1993.

[Correspondent] If we speak about former times, the republic has never had an insurance grain reserve. Has it been laid in this year? After all, we still do not know whether there will be a harvest next year, and there is no one else to count on.

[Tursumbayev] We already have bitter experience. Last year when there was a poor harvest, no one lent us even a single kilogram of bread, and no one sold it to us for rubles. We had to buy 1.5 million tonnes of grain for hard currency. Yet it had been intended for other purposes. Now we are going to lay in an insurance reserve every year. It is more reliable to live this way. Now we have already begun creating an insurance reserve of 1.5 million tonnes of grain. A republic which is located in a zone of risky farming cannot do without it.

[Correspondent] Baltash Moldabavevich, recently I was in Pavlodar Oblast and had occasion to hear from farm managers a reproach to the effect that the government is buying wheat at R10,000 per tonne, and selling it at R35,000 and even R40,000.

[Tursumbayev] All agrarians must understand that the government really did buy 10 million tonnes of grain from grain growers at this price. And this grain is distributed as follows: 2.7 million tonnes of wheat will go for bread baking; 6 million tonnes will go for fodder to be used for feeding livestock, i.e., will return to the agrarian sector, and 1.5 million tonnes will go for the reserve, which I have already mentioned. When its price index changes, then we will give the resulting difference to the budget. After all, we cannot forget that the state this year gave agriculture subsidies in the amount of R10 billion. And for next year we are already asking for around R160 billion. We are not going to hand this money out to the sovkhozes [state farms] and kolkhozes [collective farms], but will use it to buy meat, milk and other farm products. And those farms which sell more products will get more money. That is the mechanism of subsidies which we are developing.

Part of the funds will go for the support of the livestock raising industry and the poultry industry. After all, we cannot permit a situation where in the stores a kilogram of poultry meat costs R170. We need social protection of the population, and the government will agree to this. And that is what we will do until the income of the population increases to such a degree that the family budget will allow people to buy meat at high prices.

And so, I repeat, the government has acquired only grain purchased through the state order at a cost of R10,000

per tonne. And for everything sold by the farms over this amount, prices will be set by the sovkhozes and kolkhozes themselves. It is specifically such an order of selling grain outside the boundaries of the republic that was discussed at the meeting in Petropavlovsk between the president and the heads of administration of the northern oblasts. We will issue licenses and set quotas on the sale of grain, and the farms will establish the prices themselves. I particularly emphasize this.

[Correspondent] Baltash Moldabayevich, there are rumors that, for example, in Uzbekistan, which buys grain in our republic, bread is much cheaper than in our country. Is this true?

[Tursumbayev] When truthful information is absent, rumors spring up. So it is in this case. In Uzbekistan bread is more expensive by about 30 percent. That is in the stores. And flat cakes at the bazaars cost two times more than at our markets. I myself was in Tashkent and can testify to this fact. As for Russia, there bread in the stores is two times more expensive than it is here. That is the truth.

[Correspondent] Quite recently, Acting Prime Minister of Russia Yegor Gaydar, speaking on television, announced that Kazakhstan would sell an additional seven million tonnes of grain to Russia. This announcement stirred up public opinion in our republic.

[Tursumbayev] I do not know whether he made this slip of the tongue by himself, or whether he got such data from his aides. When the Union existed, we used to sell no more than three million tonnes of grain to the Russian Federation. And now we have signed an agreement for the same amount of grain. There are also other CIS countries to which we have definite responsibilities. So that Yegor Timurovich's announcement was erroneous. We simply do not have such an amount of additional grain.

[Correspondent] And the final question, addressed to you as the deputy prime minister. What is your attitude toward credits at 70 percent per annum? Why, this is very real suffocation for all of the republic's agriculture.

[Tursumbayev] This question worries everyone very much, including myself. Both as an official, and as a citizen. This is an incorrect tendency, a distorted form of transition to the market economy. We must call things by their true names. In no country in the world is there or has there ever been such a thing. Moreover, today I was visited by agrarians who took credit at 150 percent. I think that at the next session our parliament will focus attention on the actions of our National Bank, which is subordinate only to the republic Supreme Soviet. Credit rates must be no higher than 30-35 percent. Even with inflation.

Just look. In different capitalist countries the interest rates begin at 13 percent, and the highest, under specific

circumstances, reach no higher than 35 percent. Yet in our country they already exceed 100 percent. Of course, this is a lack of limits.

And so it turns out that the citizens of our republic blame the farm workers for the growth of prices. This is not right. The banks, which hike up the interest rates, are also doing their bit to increase the cost of bread, for example. So we are pinning great hopes on the Supreme Soviet session which, evidently, will review the question of crediting the entire national economy and private business.

[Correspondent] Of course, there are many difficulties in the agrarian sector, but the main thing is that there is bread in the republic. That means the Kazakhstanis are not threatened with hunger?

[Tursumbayev] Yes, there is bread, and we must manage it in a prudent manner. And as for predictions of hunger, they will not come to pass. The peasants are doing their job correctly. It is just that we must help them, and not bankrupt them. We have already talked about that.

#### Tursumbayev on '92 Progress, '93 Prospects

934A0529C Alma-Ata SELSKAYA NOV in Russian  
No 46, 16 Nov 92 p 1

[Article by B. Tursumbayev, Republic of Kazakhstan deputy prime minister and minister of agriculture: "The Right to a Holiday"]

[Text] The workers in agriculture and the processing industry have worked well in the current year, and have the right to a holiday. 15 November is the Day of Workers in Agriculture and the Agro-Industrial Complex.

This year has not been a simple or easy one for workers in agriculture and the entire agro-industrial complex of sovereign Kazakhstan. But now we can already say that Kazakhstanis have withstood the harsh trials. To the caprices of the weather they counterposed their peasant talent, inexhaustable folk experience, the culture of farming, organization and professional skill. They compensated for the absence of guaranteed material-technical provision and serious flaws in financing with their enterprising nature. In the overall unfavorable economic situation, they exhibited high moral qualities and commitment to their civic duty.

Their primary achievement is a record grain harvest. In accordance with the presidential edict, "On Extraordinary Measures for Ensuring the Harvesting, Storage and Rational Application of the Farm Crop and Procurement of Fodders in 1992," all possible measures were comprehensively thought out and adopted for the organized preparation and implementation of gathering the harvest, including material stimulation of the participants in the harvest work and help given to them through the efforts of city residents. The result was a monumental achievement which instills optimism for the

future—for the first time in recent decades, the gathering of such a large grain harvest was performed through our own efforts.

Each of the 22,438,000 hectares of Kazakhstan grain fields yielded an average of 14.5 quintals of grain. The grain-growers of North Kazakhstan Oblast raised an average of 24.3 quintals per hectare, of Akmolinsk, Kokchetavsk and Kustanay Oblasts—16 or more, of Turgaysk Oblast—13.4, Aktyubinsk—13, and Karaganda—10.2 quintals per hectare.

There have been significant achievements in increasing the crop yield of grain fields in individual rayons. In Timiryazevskiy Rayon of North Kazakhstan Oblast, an area of 182,000 hectares yielded an average of 28.3 quintals of grain per hectare. In Kokchetavsk Oblast, the grain growers of Kuybyshevskiy and Zerendinskiy Rayons gathered 23.8 and 22.7 quintals per hectare, respectively. Fedorovskiy and Kustanayskiy Rayons of Kustanay Oblast milled 21.5 and 20.1 quintals per hectare, respectively. The farmers of Terektskiy Rayon in West Kazakhstan Oblast took in 18 quintals, and the ones of Leninskiy and Komsomolskiy Rayons in Aktyubinsk Oblast gathered 18 and 16 quintals per hectare.

An even higher crop yield was achieved at some individual farms. The "Karagandinskiy" sovkhoz in North Kazakhstan Oblast grew 35 quintals of grain on each of its 9,600 hectares, while the 25th Anniversary of the Virgin Soil sovkhoz in Kokchetavsk Oblast yielded 31 quintals per hectare. Among the grain-growing collectives, the record-holders were the brigade of Ivan Ivanovich Vorozhyanskiy from the 50th Anniversary of the Komsomol sovkhoz in North Kazakhstan Oblast, which obtained 44.5 quintals of grain per hectare.

As a result, there were 32 million tonnes of grain milled in the republic. State granaries received 12,368,000 tonnes of grain, which comprises 124 percent of the state order. The sale of grain for state resources is continuing.

Significant results in growing corn for seed were achieved. For the republic as a whole, a gross corn harvest of up to 500,000 tonnes is expected. Many farms have obtained 80-100 quintals per hectare. In Kurday-skii Rayon of Dzhambulsk Oblast, 85 quintals of grain per hectare was gathered from an area of over 6,000 hectares, while in the Dzhambula Sovkhoz located in this same oblast, 100 quintals of grain per hectare were raised on an area of 670 hectares, and 5,758 tonnes of the golden corn were sold to the state.

In the republic's rice planting zone, using leading technology in raising this crop, farmers gathered around 600,000 tonnes of the silvery grain, i.e., they provided for the republic's entire demand for this product. Shymkent rice growers achieved a crop yield of around 50 quintals per hectare over their entire area, while the local "Komsomolskiy" sovkhoz gathered 57 quintals per hectare, and the "Kazakhstan" sovkhoz gathered 61 quintals per hectare from an area of 6,000 hectares.

Kzyl-Ordinsk Oblast—the main rice producer—gathered 47 quintals per hectare.

Much work was put into increasing the production of sugar and vegetable oil in the republic. The areas sown to sugar beets have currently been doubled. With a state order of 840,000 tonnes, 860,000 tonnes of sugar beets have already been harvested and sold to the state. And the harvest is still continuing. The cotton growers of South Kazakhstan Oblast are completing the picking of raw cotton. In the current year, the areas sown to oil-bearing crops have also been expanded. A gross harvest of oil-bearing crops in the volume of 294,000 tonnes is expected, of which 150,000 tones will be comprised of sunflowers.

On the whole throughout the republic, 2,395,000 tonnes of potatoes have been harvested, including around 960,000 tonnes in the sovkhozes and kolkhozes. In the eleven oblasts of the republic, potatoes are grown according to the Holland technology over an area of 1,200 hectares. This has made it possible to triple their crop yield. Around 47,000 tonnes of cucumbers, 114,000 tonnes of tomatoes, 244,000 tones of turnips, 250,000 tonnes of cabbage, and over 150,000 tonnes of curcurbit crops have been grown for the nation's dining table.

Despite all the well-known difficulties in livestock raising, in the ten months of the current year the kolkhozes and sovkhozes have fulfilled their contract agreements on procurement of livestock raising products by 71 percent for sale of livestock and poultry, by 84 percent for milk, and by 86 percent for eggs. In the public sector at the present time there are over 6 million head of cattle, 28 million sheep, around 2 million pigs, over a million horses and camels, and 34 million head of poultry. Behind all these figures stands the truly selfless labor of the livestock raising workers.

The livestock raisers have entered the winter period of 1992-1993 with confidence in restoring their previously lost positions. And there are goods reasons for this. A sufficient amount of all types of fodders has been procured. The sovkhozes and kolkhozes are performing the mass organization of fattening cattle, sheep, pigs, and horses, and are giving aid in terms of fodder to peasant and individual farms, and to the entire population which keeps backyard livestock and poultry.

There are 242 enterprises engaged in processing livestock raising products in the republic. The existing capacities make it possible to accept in a timely manner and process 1.2 million tonnes of livestock and 3.3 million tonnes of milk, to produce in a single shift over 3,000 tonnes of meat, 160 tonnes of sausage products, 2,600 tonnes of whole milk products, 260 tonnes of butter and many other products.

Economic reform on the farm is gaining strength, the basis of which is the denationalization and privatization of state property. For the present day, 354 state agricultural enterprises have been privatized, including 110 sovkhozes which had chronically operated at a loss.

Of course, with the completion of the farm crop harvest, the republic's farmers' work is not done. The sowing of winter crops is being completed. They will take up around 1,800,000 hectares. The delayed times of the grain harvest have hindered the timely performance of autumn plowing of the fields, but even under these conditions, over 12 million hectares of the planned 18 million have been plowed up. All the efforts of the farm workers at the present time are directed toward the timely performance of fall and winter organizational and agrotechnical measures.

Next year, the workers of our sector will be faced with great tasks. We see their solution in the assimilation of various forms of ownership, new economic mechanisms, increased crop productivity, organization and labor discipline.

But the day after tomorrow is a holiday for us. Having demonstrated in figures and in facts that the workers in agriculture and the entire agro-industrial complex have earned the right to be proud and happy on this day, in the name of the republic government I congratulate you all on your labor achievements, and wish every one good luck.

### Seed Stored for 1993

934A0529D Moscow SELSKAYA ZHIZN in Russian  
17 Dec 92 p 1

[Unattributed article: "Seeds for Sowing"]

[Text] ALMA-ATA. On the eve of the holiday—the Day of the Republic, procurement of seeds of grain and leguminous crops has been completed by the farmers of South Kazakhstan Oblast.

Half of all the seeds of grain and leguminous crops are already acknowledged to be of high quality in the republic. As Nikolay Krivosheyenko, chief of the Ministry of Agriculture Seed Management Department, announced, despite the late and therefore difficult harvest, we have been able to lay in 3.2 million tonnes of high quality grain—enough for the entire area of the spring planted grain fields.

However, problems in implementing the preliminary sowing campaign still remain.

### Ostankino TV First Kazakh Language Broadcast

93US0243A Moscow PRAVDA in Russian  
18 Dec 92 p 2

[Unattributed article: "'Ostankino' Has Begun To Speak Kazakh"]

[Text] It was with surprise and even, according to current times, unusual for us to note that Kazakhstan's Independence Gift was "Ostankino" television company's first channel. In coauthorship with Kazakhstan Television, they transmitted, a little before 8 o'clock, the most interesting, weighty television program, beginning

with political dialogue and ending with "multicam". This work also became the premiere for the new man on television. Gadilek Shalakhmetov, deputy chairman for CIS Affairs of "Ostankino" Teleradio Company, said:

"Everything began in October, in Bishkek, where the heads of eight states came to an agreement on interethnic television programs."

Actually, the Kazakh program turned out to be successful. Next in line is a work that will be devoted to the independence of the Baltic countries. The names of the new rubrics on television are—"Shagi Navstrechu" [Steps Meeting Halfway], "Veritelnaya g umota" [Credentials], and [Nasledstvo] "Inheritance" from which we are not refusing to talk about the fact that the television screen is becoming polyphonic. And in other words, "Ostankino" television channel will begin to speak in all the languages of the CIS.

We congratulate our television colleagues on their success. Those events are not being confined to the narrow ranks of the television screen.

### Health Risks From Azgir Nuclear Test Range Assessed

934A0546A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 23 Oct 92 p 2

[Interview with A. Bigaliyev, professor at Kazakhstan State University and I. Chastnikov, coresponding member of the Kazakhstan Academy of Sciences, by S. Krymova; place and date not given: "The Bomb Is Armed. Some Details on Another Test Range"]

[Text] It would appear that nothing could surprise Kazakhstan citizens after they found out about the Semipalatinsk nuclear test range. But no, that cup is evidently bottomless.

Here is the address of another disaster—the "Azgir" Test Range in Atyraus Oblast. Its code designation is "Southern Seismic Expedition." The mask was ripped off this seemingly innocuous project after, on insistence of the public, the government decided to conduct an "inventory" of those areas where atomic explosions were heard in past years. A map of the nuclear wounds of Kazakhstan was published on which the designation—"Azgir" surfaced among others.

Over 17 nuclear explosions were accounted for by the so-called "seismologists" in the city of bomb builders "Arzamas-16." Tests started in the middle sixties. The first underground explosion took place at a distance of just one kilometer from the village of Azgir at a ridiculous depth of 165 meters. Some 100,000 curies of radioactive particles were thrown to the surface.

The government commission which recently visited the test range conducted a survey of the test areas and adjoining territories. The data is being processed and we will not attempt to guess what the conclusions of that

commission will be. One thing is clear: we are talking here about the health of people who are exposed to daily hazards.

The following conversation took place on this topic between our correspondent and Professor of the Kazakhstan State University Aytkozha Bigaliyev, president of the Problem Committee of the "Nevada-Semipalatinsk" Antinuclear Movement and a member of that committee Ivan Chastnikov, corresponding member of the Academy of Sciences of Kazakhstan.

[Bigaliyev] The first thing that amazed us at the test range was the attitude toward observance of radiation security rules. Work is under way there at present to bury the contaminated dirt. The territory of the detonation sites is not fenced, there are no guards, there is no vehicle decontamination point, the ground is not covered, and the dirt is carried on wheels of the vehicles throughout the region.

[Chastnikov] There are even no signs indicating radiation danger. Anyone can walk up to the shafts, it is possible to drop something in the crater.

[Krymova] Are the shafts exposed?

[Chastnikov] That is the point! Just imagine. A pipe a meter in diameter is sticking up and there is no barricade! Sheep are grazing next to it, cows are lying, chewing their cud, scraps off some structures are lying around, pieces of pipe. Just come and help yourself. Which is exactly what is being done by local residents when they need some iron scrap for household use.

[Krymova] How dangerous is that?

[Bigaliyev] Recultivation, even though it was carried out poorly, still helped to diminish the danger. Checks of the gamma background indicated, however, that radioactive patches remain in the area. Around the shaft, for example, where we were told "everything is clean," we discovered two patches. Dosimeters gave a reading of from 9,000 to 25,000 microroentgens per hour!

[Krymova] With a norm of up to 15 microroentgens?!

[Bigaliyev] In response to my question on what measures for the protection of health of the people and the environment were envisaged in the course of the experiments, the head of the Kushnir Test Range declared that it is necessary to ask "Arzamas-16" which was not the job of the test range workers.

[Chastnikov] At the same time the documents signed by heads of the experiment ("Arzamas-16" enterprise) and by the responsible workers of the former Ministry of Medium Machine Building clearly state that all experiments were conducted "with observance of all norms of radiation security." Who was that written for?

[Krymova] Is that the case in all of the detonation sites?

[Chastnikov] Of course. There is a total of 12 of them, ten were used and five of them are concreted. It is not known what is inside. One of the shafts was used for seven detonations! They would conduct one, then a certain time later, a second one, then a third one. What was that done for? I think the cavities may have been used to bury radioactive materials. The overall volume of cavities produced by the detonations at "Azgir" comes to more than one million cubic meters. A lot can be hidden in them...

[Krymova] Not just radioactive materials but dangerous chemicals as well! Considerable funds are required for their disposal under ordinary conditions, along with time, and technological discipline. Here, however, everything was much simpler: "the dirt" was tossed into a shaft, a nuclear explosion follows, and the "chemicals" are destroyed. It is said they are building a canal for that purpose from Volgograd Oblast?

[Bigaliyev] We travelled several tens of kilometers along that canal. It is 10 - 12 meters wide, with a depth of approximately three to four meters. It starts in Volgograd Oblast, and as commonly known, there are many enterprises with harmful types of production over there. The canal is over 1,500 kilometers long. It extends into the Naryn sands. If they start dumping chemical waste into it over there an ecological catastrophe is inevitable—the Naryn Nature Preserve, founded by Zhangirkhan, is doomed.

There is fresh water below the sands at a depth of a meter-and-a-half. An oasis appeared in the desert because of it. In the past the area of this preserve was 157,000 square kilometers. With the opening of the test range it shrank to 16,500. Unique forests keep the sands from advancing. If the dumping still takes place the trees will perish in one to two years at the most, and the sands will surge forward and join with the sands of Aral.

[Krymova] At what stage is the work on the canal?

[Bigaliyev] It is practically finished. When we were there, there were only some 30 kilometers to be dug. Work was being rushed. The builders realized that as long as local authorities remained agreeable it was necessary to hurry. After the canal is completed, it is just a matter of a few days to flush the dirt, and after that, let them make noise, sue in court, it does not matter since all this cannot be undone.

[Krymova] Why did the local authorities agree?

[Bigaliyev] Agreement was obtained in exchange for a promise to install gas and electricity lines here.

I feel confident that this outrage must be halted immediately. A team of independent experts should be dispatched to the test range. In addition to emergency measures to fence off the dangerous areas, it is necessary to analyze ground water, which was not done by the commission. According to certain data, however, the

wells which are used for drinking water by local residents, according to observations have an elevated content of thallium, a uranium decay product.

[Krymova] Where do the test range personnel get their drinking water?

[Bigaliyev] It is brought in. They travel 70 kilometers to Astrakhan Oblast for it.

Here is another point requiring immediate attention. The sands of Naryn are now the site over which missiles launched from Kapustin Yar test range are shot down. Including ones with nuclear warheads. We travelled about 160 kilometers in one direction and an equal distance in the opposite direction over the sands of Naryn. We saw fragments of missiles everywhere. They are encountered every three to four kilometers.

[Chastnikov] When we flew over in a helicopter I noted the time: in 15 minutes I counted 35 missiles!

[Bigaliyev] Local residents use this debris in their homes. In cases where the fuel compartment is undamaged they pour the fuel out of it, due to their ignorance, for use in their kerosine stoves. They say it burns well! They have no way of knowing that combustion generates a lethal poison—dioxin. It is impossible to remain silent about all of that!

#### In Lieu of an Epilogue

As long ago as in December 1989 at an off-site session of the general assembly of the Academy of Sciences of Kazakhsitan, which took place in Guryevo, the presentations that were heard repeatedly raised the question concerning the unfavorable ecological situation in Western Kazakhstan, and the Ministry of Medium Machine Building came under criticism. It was noted that an accumulation of harmful substances is taking place in human food, in vegetation, and in the organisms of living creatures. There was speculation that people here were subjected to irradiation at one time.

In 1990-1992 scientists from the St. Petersburg Pediatrics Institute conducted a study of the health of the population on the basis of an economic contract on request of the test range. The scientists noted an increased incidence of cancer in regions adjoining the "Azgir" Test Range. An increased level of a disease such as anemia among children in the village of Azgir also attracts attention.

The very first acquaintance with the activity of the test range made it possible to conclude that the environment suffered from the underground testing of nuclear weapons, along with the population of Atyraus and Zapadno-Kazakhstan oblasts of Kazakhstan, as well as of the Astrakhan and Volgograd oblasts of the Russian Federation.

A report was received in the last few days indicating that the head of administration of Atyraus Oblast decided to close military test ranges on the territory of the oblast. As

of 1 January 1993 use of military armament on them will be prohibited. Scientific research work, however, may continue as before. But while the huge salt domes on the territories under the jurisdiction of the "Southern Seismic Expedition" stay empty, the address of disaster remains as before—Azgir!

#### KYRGYZSTAN

##### Akayev on Reconstruction Program

93US0235A Moscow OGONEK in Russian  
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[Interview with Askar Akayev, Republic of Kyrgyzstan president, conducted by OGONEK correspondent Mayra Salykova: "If There Is an Explosion in Russia, We Will Fly Up Into the Air Along With All the Rest..."]

[Text] We know that the meeting of heads of the Independent States has been postponed until 18 December. We also know the reasons for the postponement. The press made an announcement about this, and then was silent. Its attention was turned to other problems, of which there are more than ever before in each individual Commonwealth country, and in all of them together. And specifically—in all together. The leader of Kyrgyzstan, Askar Akayev, in our opinion, understands that the economic crisis is insoluble in an individual country taken by itself! He is not alone in this understanding. But here is the question. Will the Minsk meeting bring tangible results, or will the "individual" problems push into the background the obvious: "We can only survive together?"

The president impressed me as being shockingly unambitious. He does not declare anything, but says in a quiet, soft voice what he is doing and how, and what he will do for the formulation of Kyrgyzstan. He is frank and open. His sincerity is frightening, exposing an almost child-like defenselessness. Having become a politician, remains a scientist, for whom truth is highest of all. When they demand that he part with his principles, he speaks about resigning. Going abroad, he openly announces that he is going to ask for money. He does not have a complex about the place which Kyrgyzstan occupies in the make-up of the CIS. He says: "There are whales, but we are a small mountain country, and we have our own interests."

[Correspondent] Askar Akayevich, does it not seem to you that the recent meetings of heads of state of the CIS countries demonstrate their helplessness, lack of results, and to some degree the lack of promise of this inter-state institution? Do you yourself believe that such meetings today are capable of having a fateful influence on the paths of development of our countries?

[Akayev] Honestly, no. Such meetings cannot change the course of history. The countries and peoples have themselves chosen their path, and it is impossible for the heads of state or some meeting of politicians to change anything. Since the time of the meeting in Belovezhskaya pushcha, the CIS has not achieved much. Nevertheless, I

am convinced that the CIS has played its positive role, preventing a catastrophe of even greater proportions. We have not yet fully realized that the disintegration of the Soviet empire is a cataclysm of colossal scope. Yes, the Commonwealth has not made notable successes either in economic cooperation, or in regulation of conflicts. And I believe that it will be incapable of doing so in the near future.

[Correspondent] Why?

[Akayev] Because today there is not enough mutual trust. And it is specifically because of this that we will not be able to develop a mechanism of regulating international, inter-state and inter-ethnic conflicts. The CIS Armed Forces today do not have the necessary trust in a single region. Just look at the Caucasus and Tajikistan...

[Correspondent] But since the CIS is unable to resolve cardinal problems of our life, then what is the sense of this community?

[Akayev] All the states which are members of the Commonwealth have a single fate at the current stage of development. Whether we like this or not. I do not view the CIS as a permanent structure. All of us today are flying over an abyss. We must be careful not to fall into it, and not to hurt ourselves in the fall. And the Commonwealth must help everyone to save themselves and make a soft landing.

[Correspondent] Are you referring to the improvement in the economic situation?

[Akayev] No. The documents signed in Bishkek will not lead to an improvement of the economic conditions. But if they help to prevent not only a decline, but a catastrophic decline, then this will already be a great help. We must win time. After all, we are not sitting with our arms folded. For example, we have completed the development of a program of reconstruction of the Kyrgyzstan economy in conjunction with the International Monetary Fund (IMF). And the managing director of the IMF, Mr. Cadesseau, who is still presenting conditions both for Russia and for Kazakhstan, has officially announced to us that in 1993 we will receive financing of this program. And this is \$300-\$400 million.

[Correspondent] Has it occurred to you that during this time some unpredictable course of events even not in Kyrgyzstan, but in the other CIS countries, could turn everything upside down? And since you are included in the make-up of the CIS, whether you like it or not, it may push the car called "Kyrgyzstan" into such a dead end that Mr. Cadesseau and his \$300-\$400 million will simply not find you.

[Akayev] This concerns me. In Kyrgyzstan, young radically oriented people ask: "Why have you tied yourself to Russia? Why are we always travelling in its backwater?" And I explain to them that I pray to God more about stability in Russia than in Kyrgyzstan, at least for 3-5 years. Because if there is an explosion in Russia, we will

fly up into the air together with everyone else. And, of course, then Mr. Cadesseau will not find anyone. The opposition in all the republics is just waiting for this. Therefore, Nazarbayev and Karimov and I are all trying very hard to help Russia's desire to aid the Commonwealth in some way. Nazarbayev is in an even worse position than we are, because we are at the tail end, while he is closer to the locomotive.

[Correspondent] But are you not excluding the possibility that in the near future, without leaving the CIS, without isolating yourselves politically and economically from the Commonwealth countries, you will introduce your own monetary unit in order to save your country from an unpredictable situation?

[Akayev] I am excluding it. I have thought about this very much. This is impossible because the problem of a unified monetary-credit system, which Nazarbayev raised at the Bishkek meeting, is simple only at first glance. It is no secret to anyone that many of the Commonwealth countries have already printed their own money. And we have prepared to do so. Yet the trouble is that today any coupons, cards, or our own currency in the present situation are merely surrogates of the ruble.

Currency must first of all be secured by goods. The goods provision is even more important than gold provision. I came to this conclusion in working with the Japanese. I interested them in all of our available resources for purposes of obtaining technologies. They asked: "What can you give us in return?" I answered: "Gold." And the Japanese explained to me very politely that gold interests them primarily as a non-oxidizing precious metal which may be used in microelectronics. And that is all. There is also another aspect of introduction of our currency. We still cannot resolve the question of mutual accounting and clearing. Today our enterprises owe the Russian ones, and the Russian enterprises owe ours. The mechanism of effective realization of mutual accounting has not yet been developed. As a result, many enterprises are stopping work. Just imagine that, having yielded to temptation and emotions, we are introducing a national currency. As a result, any trade-economic cooperation with the CIS countries may be disrupted. And this is a catastrophe.

[Correspondent] But as long as the monetary-finance safety valve is located in Russia, not one of the countries of the ruble zone can consider itself totally independent?

[Akayev] I agree.

[Correspondent] You speak about this so calmly, as if you have in reserve your own plan for saving Kyrgyzstan.

[Akayev] I do. This is primarily our joint program of reconstruction of the republic's economy together with the IMF.

[Correspondent] Tell me, how were you able to accomplish that which none of the Commonwealth countries

have yet been able to achieve? It is a generally known fact that the IMF does not give one dollar to anyone just like that. I am not even speaking of \$300-\$400 million.

[Akayev] We were not waiting for them with folded arms. Having developed our own program, we began to realize it without waiting for credits. For example, in Russia today there is very much noise about vouchers. Yet already last year we quietly introduced means of payment and privatized housing and small trade centers. Now we have changed over to commercialization of large and mid-sized enterprises and privatized 7 percent of all state property. The IMF coordinated with us the privatization of approximately 40 percent by the end of 1993, being convinced that this is quite realistic.

We have our own achievements in land reform. Ten percent of the land is in the hands of private owners. As yet there is no corresponding article in the constitution, but this is only a question of time. Last year we had 600 individual peasant farms, and this year we have 13,000. There are millionaire farmers who have tractors, trucks, and small enterprises for processing products. This makes an impression on the IMF experts.

[Correspondent] That means the most important for them were real economic prerequisites?

[Akayev] Not only that. They saw that we gave full freedom to the opposition. Special missions came which observed how openly the opposition which is always criticizing the president conducts itself.

[Correspondent] What is the risk of a social explosion in this case? The living standard is already at a critical mark. Both Nazarbayev and Yeltsin understand perfectly that they too will go along this same path, but they also understand that the situation inside the countries is so heated that any unjustified sharp movement may also overthrow them.

[Akayev] We too gave a rather high risk. Having analyzed the situation, I have understood that the main thing is to last out 1993.

I feel that we will be able to retain today's standard of living. And if the people see that the program has begun to be realized and feel that the projects in which money will be invested begin to give a return, they will believe in the reforms and will support us.

[Correspondent] How are you going to distribute the IMF credit? In what projects will you invest the money?

[Akayev] If we proceed from the fact that the IMF gives us \$400 million, then around \$200 million will go toward social needs—public health, grain, sugar, and consumer goods. The other half will go to those 10-12 projects which will allow us to reject import.

In two or three years we would like to achieve sugar independence. At one time we had our own sugar factories. And then everything was destroyed. It was believed that the Ukraine would supply everyone. As a result, we

are paying precious currency for sugar. Today we are reconstructing one of the enterprises and buying two compact plants. Last year we began building a corn processing plant together with a Finnish firm. The plant will give us fructose and glucose—this is better than sugar. We will have our own alcohol. In a few years we will be able to export products.

The next problem is oil and petroleum products. Today we are at a dead end in terms of power. In 1993 we want to finish construction of the oil processing plant with capacity of 300,000 tonnes a year. Next year we want to bring this figure up to 5 million tonnes.

We need scientific-intensive types of production, specifically microelectronics. We have the largest base of semiconductor materials in the CIS. Crystals are grown in Kyrgyzstan—60 percent of all the crystals in the CIS. But until we create an elemental base, we will not be able to receive a profit. I am asking the Japanese to build a plant for production of integrated circuits. If we are able to obtain this technology, microelectronics could bring huge profits. But for now, crystals are a cheap raw material...

[Correspondent] Once Western businessman Alex Moskovich proposed a unique system of guaranteeing the security of small countries. This system is similar to the Swiss one. A law on banking confidentiality is introduced in the country, and the state guarantees this confidentiality. In other words, conditions are created for huge capital investments to pour into the country. I know that you do not exclude such a variant...

[Akayev] I have been proposing this idea for a year now. In Switzerland, speaking with the president, I said to him: "You must cooperate with us." He asked in surprise: "Excuse me, but what obligates Switzerland to cooperate with Kyrgyzstan?" I answered: "We are your echo. You are Switzerland in Central Europe, and we—in Asia. We also maintain a policy of neutrality. We are in favor of full reduction and reformulation of the military." We really do fit the Swiss model ideally. And we are making real steps toward this. We have adopted a packet of documents on foreign investments, and a law on security deposits. In order to prove the seriousness of our intentions, we have placed the first tonne of gold in a Swiss bank. I said: "Come, open banks! The first tonne of gold is already there. Further we will increase the circulation." Today the Swiss are studying our proposals.

[Correspondent] But one tonne of gold is not enough for real guarantees of serious capital investments.

[Akayev] They have asked me about this. How can we guarantee the capital? I answered—in natural resources. Even if we speak of a billion capitals, we have such a gold deposit which is a real security deposit. We have a partner, a Hong Kong billionaire, who is ready to take several billion on deposit and open the first branch of an international bank. If he suffers losses through some fault of ours, then he will take the gold deposit as a concession or will re-sell it to concession, mine the gold

and cover his losses. Perhaps this specifically will become our trump card. Then we will not need the army.

[Correspondent] Do you seriously want to reject an army? Yet at your Republic Palace I saw gallant soldiers in some uniform which was unfamiliar to me.

[Akayev] These are national guardsmen. The number of the guard is defined by the constitution at no more than 1,000 men. We need it for emergency situations: Earthquakes, floods, as in the American states. And as far as the army is concerned, it is impossible for us to support a mighty army, and to have a symbolic small one makes no sense. We will retain only the border troops, who will perform customs functions.

[Correspondent] Today there are many refugees on the expanses of the CIS. I know that they are also leaving Kyrgyzstan. What are you doing for national tranquility and agreement?

[Akayev] For peace and tranquility we need the accord of the Kyrgyz, Slavic and Uzbek peoples. It has been very hard at times. Especially after the sadly infamous events in Osh. And I highly value the president of Uzbekistan, Islam Karimov, who showed himself excellently in resolving Kyrgyz-Uzbek problems. Then, after the Osh events, many said—let Akayev go to Tashkent to bow to President Karimov. Our opposition proclaimed categorically: We will die, but this must not be. Everything was heated to the limit. We discussed different variants with him. There were actions which I had to take, and actions which Karimov ensured. And all of them were painful. He proposed to me that we meet in Osh. I asked him to come first to Bishkek, and then we would go together to Osh. His opposition pressured him—the tragedy occurred in Kyrgyzstan, many Uzbeks died, let Akayev go first. But he overcame the opposition, overcame his own emotions, and came to Bishkek.

Time passed, and everyone became convinced that he turned out to be right. In such tragic situations, in order for peace to be established, we need good will not in words, but in deed. And I will always be thankful to Karimov for his courage. I am convinced that if the presidents of Armenia and Azerbaijan overcame the resistance of their oppositions, their people would attain the long-awaited peace.

[Correspondent] Statistics show that the main portion of the people leaving Kyrgyzstan are Slavs.

[Akayev] We have had a conflict here associated with the Slavs, as a result of which I almost resigned. I answered to parliament on the land question, and only on the third time I achieved the final variant which ensures equal rights of all citizens of Kyrgyzstan to land. And I fought against the exclusion of Slavs from this list. If they had rejected my proposals a third time, I would have resigned.

[Correspondent] Were you really ready to resign?

[Akayev] Of course. What else can one do in such a case? The Slavic diaspora plays not the last role in our country. And peace is necessary. When I met with the Slavs, I asked them: "What worries you most of all right now?" And they spoke about education for their children in the Russian language. Including higher education. In Russia the payment for education and airline tickets cost a great deal of money. The people are at a dead end. And then we opened the Slavic University in Bishkek. We gave it a good building to use. I believe that such real actions bring the people closer together. It seems to me that today we have stopped emigration for reasons of deprivation of rights on national groups. I asked those who were leaving: "Why are you leaving nevertheless?" They answered that today in Kyrgyzstan it is good and calm, but what will happen tomorrow? And if they are to return to their Homeland, it should be now, when privatization is going on in Russia. They are doing this primarily for the future of their children.

[Correspondent] And can they freely sell their apartments and houses?

[Akayev] Yes, they can. And although the opposition criticizes me for this, nevertheless they did live and work here, and they have the right to sell their property just like everyone else. I have withstood the battle over this question in parliament, and the decision was made in favor of all, including the military servicemen. To the military men I said that we will not keep an army, and that there are no prospects for them. If you want to remain—we will retain all benefits. If you want to leave—we are ready to assume the expenditures for social aid.

[Correspondent] You speak to the Kyrgyz in the Kyrgyz language, and to the Slavs in Russian. How many languages do you know?

[Akayev] Three. Kyrgyz, Russian and English.

[Correspondent] The people are pleased with your decision to manufacture wine-vodka products. Is this really permitted for all?

[Akayev] Go right ahead, just pay the tax and pass the quality control.

[Correspondent] And what about such a complex question as narcotics? The famous Chuysk Valley—the valley of dreams and death—is also located on your territory.

[Akayev] We are waging a struggle. The UN has promised to help us. As for the official sale of narcotics, there has been this temptation. Last year we had a difficult situation. There were problems with medicines. And so I started looking for a solution. What would give a quick return? We have nothing except opium. And the opium is wonderful. Better than in the "golden triangle." And we have the best conditions in the world for growing it. I went to the UN with a draft proposal on growing opium. I obtained the permission of the World Health

Organization. In a year we could get \$300 million from them. But then I thought about it and decided to reject it.

[Correspondent] Why?

[Akayev] It would be impossible to keep production under control. And we decided that it is better to overcome our difficulties by some other means.

[Correspondent] The temptation is really great, especially since you received official permission. Will you really withstand it?

[Akayev] I want to raise up the republic by normal means of reform. And I believe that our program of reconstruction will succeed. It will be difficult, but I believe we will endure.

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#### Opposition Leader Predicts Interethnic Conflict

93US0242A Moscow NEZAVISIMAYA GAZETA  
in Russian 28 Nov 92 p 3

[Unattributed article: "Kyrgyziya"]

[Text] "A conflict, similar to the Tajik conflict," prophesies People's Deputy and in the past Kyrgyzsiya Communist Party Central Committee First Secretary Dzhumgalbek Amanbayev. He stated this at a meeting with voters. Amanbayev, who in the republic is considered to be the current leadership's main opposition, assessed the political situation in the republic as extremely intense. He suggests that the possible rapid unification of the political forces of the Issyk-Kulskiy and Narynskiy oblasts, on the one hand, and Chuyskiy and Talasskiy—on the other hand, could result in clashes similar to the Tajik variation.

Issyk Kulskiy (D. Amanbayev is a native of that area) and Narynskiy oblasts are moving to the side of the opposition and Chuyskiy and Talasskiy are adhering to the political line of Republic President Askar Akayev.

#### Kulov on Dealing With Tribalism

93US0242B Moscow NEZAVISIMAYA GAZETA  
in Russian 11 Dec 92 p 3

[Article by Yevgeniy Denisenko: "Kyrgyzstan: How To Combat Tribalism? The Vice President Advocates a Strict but Not a Harsh Style of Government"]

[Text] Can a shadow cabinet be formed in Kyrgyzstan and can a second Tajikistan be anticipated for the republic due to the division into clans and societies of people from the same areas? While answering that question, Kyrgyzstan Vice President Feliks Kulov responded that the so-called shadow cabinet is being formed only with the presence of a strong, competitive, alternative, political force. The uncoordinated, sometimes spontaneous speeches of individual people with criticism of the government are occurring in the republic today. And if they are uniting from time to time, that is only to carry out momentary tasks. "As far as I know," said Feliks

Kulov, "the newspapers attribute the words about the threat of a clan struggle in the republic to Dzhumgalbek Amanbayev (Former Kyrgyzstan Communist Party Central Committee First Secretary and currently Republic People's Deputy—NG). If he has specific grounds for that prediction, it would be good if he talked about that in more detail. At the same time, we should not ignore the possibility of using the tribal factor and the association of fellow countrymen factor in the struggle for power. In this case, the Tajik variant is unavoidable. And, while sharing these fears, you again and again come to a conclusion on the importance of a strict, but not harsh, exacting style of government as a necessary condition to maintain stability and law and order".

While answering the question, are there effective formulas for combating clannishness and tribalism, Feliks Kulov responded that one of the main conditions he sees is that they need to use the factor of their ethnic background as narrowly as possible when assigning state leaders in oblasts and rayons, that is, do not appoint them to those regions of which they themselves are natives. Second, don't be afraid to rebuff national-chauvinistic expressions and manifestations of defects in religion, having in mind Islamic Fundamentalism and do not provide the opportunity to leaders to abuse the power given to them to install people they like in the process of privatization and the formation of publicly-owned companies.

#### Political Situation, Conflicts Reviewed

93US0242C Moscow PRAVDA in Russian  
15 Dec 92 p 2

[Article by PRAVDA Correspondent Yuriy Razgulyayev, Bishkek: "Kyrgyzstan: The Political Landscape: Arbitrary Justice"]

[Text] A year has still not passed since the first akims appeared in Kyrgyzstan. That is what they call the heads of the local state administration here who became the inheritors of power of the raykoms and ispolkoms. In a word, they are like bosses on their own territory.

The bosses are new but live is still deteriorating. When will the changes begin that were spoken about so much in August of last year?

Two weeks ago the republic once again found itself on the brink of a serious social conflict. Dzhalal-Abad Oblast Akim B. Osmomonov, through his arbitrariness and coarseness, reduced the residents to the point that they came out on the square. From the other side, his defenders—Osmomonov's relatives, leaders who favor him, and merchants—organized a rally...

For a region where the coals of a bloody interethnic fire have still not grown cold, the situation that developed was very dangerous. They "surgically" resolved the conflict—they removed the akim. But the complexities of mutual relations between the people and the authorities have remained. And not only in Dzhalal-Abad.

President A. Akayev, at a meeting with industrialists, perhaps for the first time so precisely and strictly announced that next year not improvement of life but new "unlimited" trials await the Kyrgyz. From all of his arguments, I will cite just one: if not even the most pessimistic predictions on price increases for energy prove to be true, the republic will have to spend up to 80 percent of all its resources on energy and Kyrgyzstan is already right now purchasing grain only for hard currency.

How did the akims at their recent meeting perceive these alarming signals? How do they themselves assess the results of the eight-month rule? It turned out, calmly. The customary reports, proposals and requests were heard from the rostrum, just like from the old Party aktiv. It was also as if Prime Minister T. Chyngyshev did not speak about the reduction by almost half of the purchases of milk and meat in his report. It is as if an increasingly greater portion of the Kyrgyz, who are being knocked off their feet by unprecedented price increases, are not sliding into poverty.

It is noteworthy that there was an altogether different fever pitch of conversations in the corridors. Here the dispute went, as they say, with the arms fully extended. And the words "farmerization" and "privatization" were repeated more often than others.

Yes, the president's edict on the development of market relations in the agrarian sector caused an, putting it mildly, unambiguous reaction in the republic. As it always happens, ultraradicals are also found in Kyrgyzstan who have transformed the quite normal path of destatization into the ordered dispersal of kolkhozes and sovkhozes. Even some seed-growing and stock-breeding farms have ended up "under reform".

Naryn Akim K. Ashiradiyev said:

"It has been reduced to the point that one has been given 50-60 sheep, another has been given a tractor, and a third has been given a broadcast sower. Just what can each of them produce on their own?"

"But really, akims are primarily specialists. Haven't they really seen what this 'dekolkhozation' leads to?" I asked my interlocutors.

"Of course, they have seen," one of the akims responded during a break in the meeting, "but we are the 'executive vertical'."

This akim asked that I not name him. This detail is very significant. Especially if you recall that not one word of criticism was heard that was directed at the president or at the government. But a groan? You're not surprised by that? The fate of any head of administration today is resolved precisely "up above". They are not accountable to the "lower strata" and reelections do not threaten them.

Isn't this the origin of the unlimited arbitrariness of some akims? The Chairman of the State Inspection

under President B. Gogayev cited staggering examples of the self-interest, abuse, and dishonesty of the fully empowered bosses of the territories. Yes and in Dzhail-Abad, the house, more correctly, the palace that Osmonov built for himself on the site of the chopped down children's park was one of the drops that overwhelmed the people's patience.

But are the akims infatuated with commerce? Oshskiy Head of Administration B. Sadykov, for example, summoned bankers to his office and ordered them to transfer 120 million to a firm that had honored him. He ordered and that was all. How is that appropriate under the market relations that have been proclaimed from all of the rostrums.

Many leaders were also the first to rush headlong into "privatization." That same B. Gogayev cited a long list of names of those who "ripped off" apartments, stores, and even entire plants for themselves for next to nothing. And automobiles in some areas have nearly all spent the nights in private garages. It turns out that they have already been 90-95 percent "depreciated" (even those that were manufactured in 1991!).

Where have the previously quite modest chiefs acquired such haughty ways after just one year? Not in praise of the old, but people say that Party bureaucrats did not dream of such appetites. That same Osmonov, whose assistance was awaited by hundreds of families who were left without shelter after a very strong earthquake, dropped everything and left with his family on vacation... to America. And the "bourgeois small towns" begun by him, have already spread to the outskirts of Bishkek, Karakol, and Osh.

In my opinion, the reasons for this lie right near the surface. Voices were heard already at the first sessions of the Supreme Soviet that it is hardly worthwhile to destroy old system headlong and that control of the akims only from above is very dangerous: too many temptations will appear for the leaders. But the new authorities have stubbornly attempted to breakdown everything that existed prior to the putsch. The functions of the local Soviets have been gradually terminated and they have authorized chairman to be elected on a "popular basis". And everything has ended with the fact that the Soviets have become adjuncts without rights of executive power.

The danger here lies not only in the arbitrariness of individual chiefs. Having broken them off from the Soviets, the president actually has deprived his main lever of executive power of a serious social base.

I can anticipate the question: why, having begun the conversation on the crisis in the economy, are we once again rummaging in political passions and disputes? Well because the policy in our country until now is still rigidly warping the economy. Is Kyrgyzstan at fault that the goods being imported here have increased in price 50-100 times but the raw materials exported from here have increased in price only 15-20 times?

Yes and in Kyrgyzstan itself many political decisions have a quite perceptible economic "effect". For example, hasty "farmerization" has drastically reduced the cattle stock and have placed highly productive breeds under threat with this labor. A refusal from management by even state enterprises has already resulted in the paralysis of hundreds of industrial collectives.

A. Akayev himself partially admitted that. In his speech at the meeting of akims, he announced the impending serious adjustment of the economic course. We will strengthen, he said, the levers of state control.

Unfortunately, the meeting also did not provide an answer to the question: how do you combat arbitrariness at the local level? Will democracy conquer the misfortune that democracy itself gave birth to and reproduces day after day?

## UZBEKISTAN

### Matalov on Implementation of Language Law

93US0155B Tashkent OZBEKISTON OVOZI in Uzbek  
22 Oct 92 p 1

[Interview with A. Matalov, date and place not given:  
"The Government Is Directly Involved in Implementing  
the Law"]

[Text] Prime Minister of the Republic of Uzbekistan and President of the Council of Ministers' Commission on Implementing the Law Concerning the State Language A. Matalov answers questions from our reporter.

[Reporter] Abdulhoshim Matalovich, today is a historic day. It is the day on which the age-old desire of the Uzbek people has gone into effect. On 21 October 1989 in a session of the Uzbekistan Supreme Council, Uzbek was given the status of state language.

It was not in this session that the law itself was passed. There was also pressure on the part of several groups. Nevertheless, despite several shortcomings, this law, the first spring flower of our independence, was passed. Since that time very many measures have been put into effect by the commission over which you preside.

[A. Matalov] Truly, the passage of the law "Concerning the State Language of the Republic of Uzbekistan" in 1989 was an enormous event, because this law was the first indicator of our independence. The passage of such a law in totalitarian circumstances required a great deal of courage.

Implementation of the law was turned over to the Council of Ministers. With this in mind, a state program for putting the law into force was prepared. The program was approved on 19 February 1990 by a decision of the Council of Ministers. In the state program the duties faced by our republic's ministries, committees, departments, organizations, enterprises, provinces, cities, and rayons are taken up on their own merits. The program is

the sum of the measures for putting the law concerning the state language into effect. In line with this decision, a Council of Ministers commission for implementing the law regarding the state language was also approved.

I would like to go over the work done by the Council of Ministers' commission in the subsequent year. First of all, the commission's structure changed. Several small groups were formed to deals with various problems. Issues put for the commission's discussion were first discussed in these small groups, then submitted to the commission.

The 1992 sessions of the commission took up the implementation of the law on the state language in the Ministries of Communications and Justice, the national aviation company "Uzbekistan Airlines," the city of Fergana and Quva Rayon, and the union of the Uzbekistan press organizations.

From the discussion it came out that in places, good work was being done in the area of putting the law concerning the state language into effect, but that there were still problems. In particular, shortcomings in this area in the national aviation company "Uzbekistan Airlines" were severely criticized. The management of this concern drew the right lessons from the criticism and are now correcting the situation.

It continues to be evident that in some areas our work to get the law regarding the state language to conform to life was undertaken too slowly, or to be more precise, with a lack of understanding. In particular, because of the low level of supervision in teaching the Uzbek language to a degree sufficient to enable people to carry out their duties to citizens of the republic who do not know the state language, it is difficult to achieve noticeable results. It is planned to resolve this problem at the next meeting of the commission.

At one of the meetings of the commission, the status of carrying out the law in the republic as a whole was discussed. Representatives from all provinces and the leaders of the language commissions participated. Members of the Council of Ministers' commission for implementing the law concerning the state language were assigned to the provinces. They will be in various places at various times to acquaint themselves directly with carrying out the law concerning language and report to the commission.

Problems of place names were also discussed at the meetings of the commission. Terminology recommended by the terminology committee was approved.

[Reporter] It is now clear to all of us: it is a difficult situation from the economic point of view. In such conditions much is being done under the leadership of the government of our republic, especially our president Islam Karimov, to implement the law concerning the state language. There has never been any regret concerning the development of the Uzbek language.

[A. Mutalov] Economic difficulties are an issue. However, it would not be right to put the implementation of our laws on the back burner. Our president I. Karimov is creating all of the conditions for putting the law concerning the state language into effect. Our president's decree concerning Independence Square is also directly connected to the law concerning the state language. This decree is now becoming the new system for changing names in rayons, provinces, and cities.

[Reporter] My next question touches on a subject which has become the cause of much discussion and argument. Upon which orthography does our writing need to be based?

[A. Mutalov] This problem is truly complicated. In our republic one group of experts says we must change to the Arabic alphabet, another group of scholars says we must go to the Latin. According to a third group of people, we must remain with Cyrillic.

A commission on issues of Uzbek orthography set up under the auspices of the Supreme Council is now at work on this issue.

[Reporter] Abdulhoshim Mutalovich, when we examine the law, we see that timetables have been specified with the aim of phasing in the implementation of some laws to all sectors of society. For example, it is specified that Articles 4, 7, and 8 will go into effect within 7 years. However, the time period for putting Articles 5 and 24 into effect has expired.

[A. Mutalov] First concerning the law itself. As is known, the law was passed in the Soviet era. Now we are an independent country. Considering this fact and the ideas put forth in the press, we are discussing in the commission the need to make changes and additions to the law concerning the state language. A working group of commission members has been formed. Working with the Supreme Council committee, this group has prepared a draft of changes and additions to be added to the law. Having discussed it in the commission, we will submit it to the Supreme Council.

I think the concepts you mentioned have been taken into consideration in the draft.

[Reporter] The republic's terminology commission under the auspices of the Republic of Uzbekistan Council of Ministers has done a lot of work in a short time. In popular scholarly literature, textbooks, and especially the public media, lack of adherence to any standards in the use of terms had reached a high point. Because of the efforts of this committee, this has been limited somewhat.

[A. Mutalov] One of the responsibilities of the terminology committee is to standardize terms. At first this department was unable to cope with this work. In the end, all of the variations and complexities came out and terms were proposed for difficult words.

The activity of the committee subsequently improved a great deal, and scientific principles for introducing new terms were formulated. Terms which were found to be in need of change were discussed, particularly with intellectuals. In issue number 4 of "OZBEKISTON OVOZI" in an article titled "Which One Is Acceptable," the recommendations of the committee were published. Quite a few proposals were made. On this basis recommendations were prepared. At the commission meetings we are discussing and approving them. The committee has begun setting up dictionaries and discussing them. At present, small dictionaries are being set up.

[Reporter] One would not say that the implementation of the law on the state language is proceeding at the same level in all of the republic's provinces.

[A. Mutalov] That's right, let me give some examples. For example, last year the Ministry of Justice had begun transacting business in the state language. However, it was written in the press that various organizations, for example many institutes of the Academy of Sciences, had not switched to the state language. This was a surprising situation. Unfortunately, such examples are not rare.

[Reporter] The draft of Uzbekistan's constitution is being hotly discussed now in our republic. Article 4 of the draft reads as follows: "The state language of the Republic of Uzbekistan is the Uzbek language." Could you say something about your discussions of this article of the draft constitution?

[A. Mutalov] It is necessary to insert an article on the state language into the constitution. But this does not exclude the existence of a separate law on this matter, because special characteristics and peculiarities can be reflected in it. Moreover, in our conditions it is essential to conduct this matter step by step.

[Reporter] Thank you for your very knowledgeable conversation.

## REGIONAL AFFAIRS

### Background on Bekmukhamedov Arrest

93US0247A Moscow NEZAVISIMAYA GAZETA  
in Russian 22 Dec 92 p 3

[Article by Igor Ro'ar: "Samarkand Dissident Continues Hunger Strike; His Associates Accuse Tashkent of Escalation of the Uzbek-Tajik Conflict"]

[Text]

### From the Dossier of NEZAVISIMAYA GAZETA

Uktam Bekmukhamedov, the leader of the radical wing of the Samarkand Society, is continuing his waterless hunger strike in a Samarkand prison.

Bekmukhamedov was arrested by Uzbek special services on 10 December in Bishkek, where he had come to take

part in an international conference on human rights in the Central Asian region. On 13 December, Bekmukhamedov, who was accused of insulting a militia employee, was sentenced to 10 days of arrest by a decision of the Samarkand court.

The Samarkand Society was established in 1989 for the purpose of "developing cultural originality and the native language of Tajiks and Tajik-speaking people of Samarkand Oblast."

The cities of Bukhara and Samarkand have been populated by Tajiks since olden times. Thus, according to data of the census of 1920, Uzbeks constituted only four percent of the total population of Samarkand. According to the data of the very same census, the portion of Tajiks in Bukhara and Samarkand was no less than 75 percent. However, after the demarcation of 1924, Bukhara and Samarkand went to Uzbekistan. In the 1920's-1930's, with the passportization of the population, a majority of the Tajiks were recorded as Uzbeks.

In 1989, members of the Samarkand Society started a campaign against the forced "Uzbekization" of the Tajik population of Uzbekistan. After almost two years of opposition, the authorities made substantial concessions: It was authorized to change nationality in a passport, Tajik classes were opened in schools, and a local television program began to operate in this language.

After letting off steam, the authorities busied themselves with the disturbers of the peace. Uktam Bekmukhamedov, the leader of the radical wing of the Samarkand

Society, was given a two-year suspended sentence, and Dzhamol Mirsoidov, a Samarkand University professor, was expelled from his job.

However, the "educational" actions of the authorities were unable to persuade the Tajik dissidents. In the opinion of Uktam Bekmukhamedov (a NEZAVISIMAYA GAZETA correspondent met with him just before his arrest), the Tajik problem exists as before: "The authorities are spreading rumors that we want to unite Samarkand and Bukhara with Tajikistan—this is an outright lie. The 'freedoms' given to Tajiks are pitiful half-measures. In their actions, the Uzbek authorities resemble a doctor who does not treat the illness, but only forces it 'inside.' We are for granting the Tajik language legal status in places that are densely populated with Tajiks, and the right of a citizen to determine his nationality himself should be fixed in law. According to the essence of the present decision of the Samarkand Oblast Soviet on changing the nationality entry in the passport—this is an illegal action, because, as previously, it is not established juridically. In addition, Uzbekistani Tajiks do not live just in Samarkand and Bukhara Oblasts (NEZAVISIMAYA GAZETA—according to an estimate of the Samarkand Society in Uzbekistan, there are about 3.5 million Tajiks in Uzbekistan; according to official statistics, there are about 600,000, i.e., about 22 percent.) As previously, they remain, in fact, without rights. If the problem is not resolved radically, then the very same authorities—just as soon as it is convenient for them—will be able to incite massive clashes between the Tajiks and Uzbeks."

In the opinion of Professor Dzhamol Mirsaidov, Bekmukhamedov's closest associate, the convenient moment for a provocation has arrived this very day.

**ARMENIA**

**National Movement Denounces Government**  
*93US0237A Moscow NEZAVISIMAYA GAZETA*  
*in Russian 16 Dec 92 p 3*

[Article by Armen Khanabyan: "The Armenian National Movement Wants To Assume Power Afresh and Is Unwilling To Share Responsibility With the Government"]

[Text] The government's political isolation and the opposition's charges of its inability to operate under the conditions of the economic emergency are consequences of the economic crisis in the republic. Sharply worded criticism has been addressed not only to the government and presidential structures but also to the Armenian National Movement as the "leading and directing force" of present-day Armenian society.

This fact was the reason for an unprecedented gambit on the part of the movement. After several days of tense discussion and consultation with the president, the government and the AOD [Armenian National Movement] parliamentary faction adopted a joint statement, whose essence is that the movement is dissociating itself from the present government course and is unwilling to share with the executive responsibility for what is happening.

Corruption and bribery are flourishing, order and discipline are lacking, the courts and the procuracy are operating inadequately, and a mistaken personnel policy is being pursued in the republic, the statement says. The structures of the executive are incomplete, and in a number of sectors their work has been paralyzed completely, and parliamentary control over the government is ineffective also. Urgent personnel and structural changes are needed in this connection, and the persons who are to blame for the current situation should not only be dismissed but should be held answerable before the law, what is more. The AOD has expressed a readiness, if such be the president's wish, to assume the entire responsibility in respect to the extrication of the republic from the crisis.

The movement's board held a news conference, at which it gave its interpretation of what is happening. According to AOD Chairman Ter-Usik Lazaryan, since coming to power in 1990 the movement has not once attempted to form a government on a one-party basis. As a result cabinets rapidly replacing one another have lacked a specific program and the reforms have been slowed and are close to failure. And many members of parliament elected as representatives of the movement have begun to detach themselves from it, announcing the creation of other party factions. These factions are illegitimate—they were not elected in the course of open interparty struggle but are today actively impeding economic innovations. As the participants in the news conference explained, it is hardly correct to consider the AOD the ruling party. In actual fact, the movement has approximately 20 percent of the government's ministers and

controls roughly the same percentage of local soviets. Yet public opinion firmly links the concept of "power" and the AOD, and all the mistakes of the authorities are attributed to the movement, which lacks real levers for controlling the situation in the country. The AOD leaders announced that they had repeatedly addressed the president and interchanging premiers with their proposals in the sphere of political and economic reforms. But the number of reformers in the structures of the executive is not great, and all the reforms are being successfully thwarted. The true culprits, however, are remaining aloof.

It is under these conditions that the AOD has decided to dissociate itself from what is happening and declare its readiness to really take power, forming either a one-party government or a cabinet which could be joined also by the representatives of other parties sharing the movement's principles and agreeing to implement its program.

The AOD's unwillingness to serve as a lightning rod for specific actors is already beginning to bear certain fruit. Deprived of the movement's support, Yerevan Mayor Ambartsum Galstyan immediately tendered his resignation, which the opposition had been unable to achieve for six months. Negotiations with Georgia have been stepped up, as a result of which the republic has come to receive more gas. The movement has already begun to draw up an anticrisis program, which it intends presenting to parliament, the president, and the government.

But the AOD's aspiration to assume power once again, more comprehensively this time, is not shared by all its leaders. Ashot Voskanyan, chairman of the parliamentary Ethics Commission and member of the AOD Board, maintains that the political spirit of the statement is for him personally unacceptable. The movement has come to power twice—at parliamentary and presidential elections. In the spheres where AOD ministers are governing, Voskanyan says, the situation is by no means better than in others led by professional administrators. For this reason the establishment of universal party control is hardly capable of rectifying anything. In Voskanyan's opinion, it is necessary to look for points of contact with the opposition in the Supreme Soviet and strengthen parliamentary and presidential control of the government's activity.

The president has responded to what is happening with his typical coolness. His press spokesman termed the demand for personnel shuffles perfectly natural, and Ter-Petrosyan, despite his less than full agreement with the document, promised to study it and draw the appropriate conclusions. By all accounts, the prime minister will, for all that, have to undertake a "personnel pogrom," having replenished the ranks of ministers with AOD proteges or, on the other hand, attempting to prove the capability of his team, to drastically improve the situation in the republic. Which will be considerably more difficult, of course.

**Ter-Petrosyan Speaks at Parliament Session**  
*93US0237B Moscow NEZAVISIMAYA GAZETA  
in Russian 18 Dec 92 p 3*

[Article by Armen Khanabyan: "The New Constitution Is Almost Ready: Having Adopted It, Parliament and the President Will Resign."]

[Text] President Levon Ter-Petrosyan had long been promising to make an all-embracing evaluation of the socioeconomic situation of the state. And he has done so, opening with his speech the latest session of parliament. As expected, the president made over a large part of the speech to an enumeration of the problems and measures to overcome them. Inasmuch as the speech lasted only an hour and encompassed a mass of questions, the president was able to cite merely the main sore points. Levon Ter-Petrosyan emphasized that the 50-percent decline in production in the republic was 50-percent connected with the transport and energy blockade. The other reasons for the slump are the same as in other states of the former Union. The forced transition to free prices has had a very severe effect on Armenia's situation. This step was necessary, but inadequately prepared since Russia afforded no warm-up time. As a result prices in Armenia have in just a year grown on average tenfold, whereas wages, only fourfold. The acute shortage of investments has not only impeded the expansion of production but also prevented simple reproduction even. As a result the administrative-command system is being replaced by monopolism, which threatens a dictatorship of the mafia. In the president's opinion, the latter may be avoided only thanks to the accelerated liberalization of the economy, for the sake of which the privatization process will be continued and stepped up even. Despite all this, the president said, the situation, however complex, has always remained manageable. Armenia has been forced to rely on its own powers and resources and on ties to adjoining states, although, as Ter-Petrosyan emphasized, Russia remains here Armenia's main trade and economic partner. The republic has begun to mine its own gold, the "Metallurgiya" program, thanks to which there will be an increase in the recovery of nonferrous metals next year even, has been completed, and the modernization of most important iron and steel foundries and deposits will begin. The development of intrarepublic cooperation made it possible to keep the level of the decline in production to the 50-percent mark, whereas the railroad operated at only one-fifth of its potential and was in the last four months inoperative altogether. The president praised the farmers, who, despite the spares and fuel crisis, gathered in a harvest bigger than last year's. Praise was bestowed also on employees of the Interior Ministry—the sole power structure in the republic, the president said, which is operating up to par. But the activity of the courts, the procuracy, and the State National Security Administration were sharply criticized. The government in Armenia is, in the president's estimation, good and hard-working and could be continuing the reform, but has been forced

to work under state-of-emergency conditions. The president observed that the reforms will be implemented in any event, even if they are slowed down in Russia. Experience has shown that Armenia is the leader in this respect compared with all the former republics of the Union and that, with the surmounting of the blockade, the transformations will unfailingly attain a new level. But today, under the conditions of the lack of raw materials and normal communications with neighbors and partners, the liberalization should be undertaken very cautiously, otherwise the very "reforming of the economy" concept could be discredited.

Levon Ter-Petrosyan declared that light and manufacturing industry, trade, and the construction complex should be privatized in 1993 even. It is necessary to begin work immediately on the unfreezing of the Armenian Nuclear Electric Power Station, for which parliament should give the government the corresponding authorization.

The president is not satisfied with parliament's law-making activity. Since it is necessary that the government implement market transformations and simultaneously exercise "fire-fighting" functions, it is essential that the president be accorded the right to issue decrees, coordinating them only with the Supreme Soviet Presidium, not the entire parliament. The government also should acquire the right of legislative initiative. Ter-Petrosyan offered to hand over his powers pertaining to formation of the cabinet to the prime minister, who would himself form his own government, not work with ministers appointed by the president. The head of state should become here a kind of supreme arbiter between the executive and the legislature.

The president declared that the main goal of the republic's diplomacy is to achieve an unconditional truce in Karabakh. Only after this will discussion of its status be possible. He believes that much has already been achieved, but that the process of pacification of the region has been hampered by the latest events on the Armenia-Azerbaijan border. Nonetheless, Levon Ter-Petrosyan is convinced that far from all is lost and that it will be possible in the foreseeable future even to hope for the establishment of a real truce.

The president of Armenia saved the sensation for dessert. He said that the new constitution should in the very near future be put to a referendum and then be adopted by parliament. According to Ter-Petrosyan, the draft is practically ready. After this, both parliament and the president will resign, and the people will be afforded an opportunity to make a new choice, which will be the more just, the more democratically and freely the change of power in the country occurs.

**AZERBAIJAN**

**Cooperation With Russia, West Viewed**  
*93US0238A Moscow NEZAVISIMAYA GAZETA*  
 in Russian 15 Dec 92 p 4

[Article by Samed Sadykhov, first deputy chairman of the State Committee for Economic Planning of the Azerbaijan Republic: "Together We Have Profited By Our Oil—Let Us Cooperate Further Together"]

[Text]

**Integration**

Having become an independent state, our republic has chosen the path which is being followed by the world civilization: the market, market structures, and—yes—a social orientation. It is not an easy path to take, considering the continuing decline in production—and this in branches of industry which are of exceptionally great significance.

Azerbaijan has taken serious steps with respect to stabilization of its economy. The structure of government is changing effectively, and the parliament has issued appropriate legislative acts. These are approximately the same legislative acts as those which have been adopted by Russia and other states of the CIS. But will our states be able to emerge from the crisis without assistance from the developed countries of Europe, the Near East, and Asia? I think not. The potential possessed by republics of the former Union is very great in certain spheres. However, they do not all have sufficient financial resources in equal degree. Additionally, each had a certain specialization within the framework of distribution of the forces of production. The ties now undergoing disruption are therefore inflicting very serious harm, and clearly the one and only way out of this most difficult situation entails the rendering to us of necessary assistance by the Western countries.

We have created in our republic the State Committee on Foreign Investments. Specialists are now being selected there, and stock exchange structures are actively functioning—after all, the fuel and energy complex is a serious problem for us. We should recall that during the '40s and '50s Azerbaijan was a main supplier of petroleum and petroleum products to the republics of the former Union. New deposits, amounts of which are calculated in the billions of tonnes, are to be found in the expanses of the Caspian Sea. The depth of these deposits is very great, and equipment for extraction is not being manufactured by the former USSR republics. Azerbaijan, as a matter of fact, specialized in petroleum machine-building. To this day, we fulfill approximately 80 percent of the requirements of the Russian petroleum industry.

Negotiations are presently under way with the Americans. Recently, a large group of businessmen from British Petroleum visited and discussed with us the

problems of exploiting oil deposits located at great depths and profiting from the residual reserves of petroleum on the dry land mass. The total value of the proposed contract exceeds several tens of billions of U.S. dollars.

The concept emerged in this regard of cooperation between Azerbaijan and Russia, and between Azerbaijan and Western partners, with respect to rebuilding machine-building capacities for the oil industries of both Russia and Azerbaijan. Our machine-building base has a sufficiently great initial potential for accomplishing this.

A second problem is deep crude oil refining. We lag significantly behind the West in this respect.

And a third group of problems is seen in the agrarian sector. In my view, there are prospects for cooperation on a multilateral basis with the CIS states with respect to supplying them with baby-food products.

The first experience of such joint cooperation has shown very interesting results. We studied with the Ukrainians the question of supplying their republic with natural gas and developed a project for construction of a major gas pipeline to Ukraine from Iran (financed by the Bank of London).

Only through joint effort, therefore, will urgent problems requiring immediate decision be able to be resolved.

**State Airline Fare Hikes Reported**

*93US0238B Moscow IZVESTIYA* in Russian 19 Dec 92 Morning Edition p 2

[Article by IZVESTIYA correspondent Sokhbet Mamedov: "From Baku to Moscow—for 14,000 Rubles"]

[Text] Baku—Lamenting the increased costs of petroleum products, the state concern "Azerbaijan Hava Yollary" announced that, in order to compensate for expenditures, new rates are being introduced 19 December for transporting passengers and baggage over 64 routings serviced by aircraft of the concern.

The flight from Baku to Moscow will now cost 14,300 rubles [R]. Passengers face still greater fares for air travel to St. Petersburg—R19,370, Tallinn—R20,800, and Nizhnevartovsk—R21,600.

But that is not all. In issuing airline tickets, the processing service will additionally impose on passengers a tax in the amount of 10 percent of the fare. And a fee is being established for every kilogram of baggage carried above the norm—amounting to one percent of the cost of the airline ticket.

Whether or not the number of passengers using the airlines will decrease as a result, and whether or not we will be able to obtain tickets without getting the jitters is hard to say. We would like to hope that the new rates will be accompanied by an increase in the level of passenger servicing as well.

**Finance Minister on National Currency**

*93US0238C Moscow SELSKAYA ZHIZN in Russian  
22 Dec 92 p 1*

[AZERINFORM-TASS report, untitled]

[Text] Azerbaijan's transition to a national currency, the manat, will depend to a great degree on the position of the Russian Government, and we must be prepared to introduce the Russian ruble into circulation—stated Azerbaijan Finance Minister Salekh Mamedov at a press conference convened in Baku.

Responding to a question as to whether Azerbaijan had sufficient backing for the manat, the minister stated that the republic has significant gold reserves, as well as a great quantity of freely convertible currency and rubles.

**'Rossiya' TV Broadcasts to End in January**

*93US0238D Moscow RABOCHAYA TRIBUNA  
in Russian 22 Dec 92 p 3*

[Article by RABOCHAYA TRIBUNA correspondent Ali Naibov: "A Signal Is Being Received That Money Will Not Be Found for the Signal"]

[Text] Baku—It is entirely possible that the residents of Azerbaijan will not get to see a long-playing American television series and will not greet the new year with Disney on Fridays. In all likelihood, broadcasting of the Rossiya television channel over territory of the republic will be terminated effective January.

"Actually, this remains an open question for the time being," Mamed Ismail, president of the Azerbaijan National Television and Radio Company, told this correspondent. "It is up to the republic government to make a final decision. It seems, however, that we will have to part with "Rossiya." The reason is purely financial—we do not have the money to pay Moscow for transmitting the signal. Moreover, we see the opportunity to turn expenditures into income—television companies of Iran and Turkey are prepared to purchase air time from us on the channel which is being made available. But for sure we will try at least to keep Ostankino—a great many Russian-speaking people reside in Azerbaijan.

"Several days ago, the independent center for sociological research El-Oba conducted a telephone survey of 300 Baku residents, inquiring as to their attitude toward television and TV programming. Forty-six percent of those surveyed noted that they constantly watched broadcasts of Azerbaijan TV, 18 percent cited Ostankino, 14 percent watched "Rossiya," and 14 percent—Turkish television. In this regard, 70 percent of the respondents believe it is necessary to continue to broadcast Ostankino programs. Only 14 percent are against this."

**GEORGIA**

**Conflict in Abkhazia Updated**

*93US0267A Moscow NEZAVISIMAYA GAZETA  
in Russian 29 Dec 92 pp 1, 3*

[Article by Guga Lolishvili: "Parliament Dissatisfied With Defense Minister. Pilot of Downed Georgian Helicopter Decorated Posthumously"]

[Text] At the end of last week Georgian Defense Minister Tengiz Kitovani received a telegram from Moscow with the stamp of the Ministry of Defense of Russia. Speaking the next day at a meeting of the Georgian parliament, Kitovani reported that it was necessary to weigh all the "pros" and "cons" of the meeting with Grachev [Russian Defense Minister]. Nonetheless, at a conference with the head of state on that same evening, the republic leaders were in favor of holding the meeting. But, according to existing information, Kitovani has no concrete authority in the negotiations with Grachev. On 28 December, speaking on national radio, Eduard Shevardnadze announced that it was still not clear whether or not there would be a meeting in Moscow since, according to his information, Grachev might not be in Moscow at that time. "The situation requires further clarification," said Shevardnadze. In the opinion of observers, at the next meeting, along with the situation in Abkhazia, where Russian and Georgian interests have conflicted recently, they will discuss the transfer of arms according to Tashkent quotas by Russian troops in Georgia. Speaking at the next meeting of the Georgian parliament, Defense Minister Kitovani announced that, according to his information, the Abkhazians have six combat aircraft given to them by representatives of Russian troops on the territory of the autonomous republic. Kitovani said that he has information about the presence of Russian military instructors in the Abkhazian formations. The minister stated that he expected such steps from a country that was the legal heir of the state that bore the name the "evil empire."

Dissatisfaction with the defense minister was demonstrated at a meeting of the Georgian parliament held just before the meeting of the defense ministers. Many deputies criticized Kitovani for not having gone to the combat zone for two months. Kitovani himself explained his presence in Tbilisi by the need to accept the arms that were arriving in Georgia. Kitovani was so hurt by the reproach from the members of parliament who hinted at his "unwillingness to take a risk" that in the confusion he let drop the figure of 16 million cartridges that had arrived in Tbilisi a couple of days ago. In response to the statement of one of the deputies about irregularities in the Georgian Armed Forces Kitovani said: "Even if Marshal Zhukov himself were to rise from the grave he would not be able to introduce order into the Georgian Army all at once." In the words of the Georgian defense minister, the republic is not prepared for war and it was not likely to be prepared for it in another 10 years.

The position of Georgian Foreign Affairs Minister Aleksandr Chikvaidze, who spoke at that same session of parliament, is telling. Chikvaidze recognized the importance for Georgia of normal relations with Russia but nonetheless noted that as a state Georgia should be oriented toward Europe. Chikvaidze stated that Georgia would not raise the question of acceptance into NATO in the near future since in a meeting with him General Secretary Woerner gave him to understand that in spite of all his sympathy for Georgia he considers this premature. In Chikvaidze's opinion, this is related to an unwillingness on NATO's part to introduce more tension into relations with Russia, with which Georgia's relations have deteriorated.

Over the past weekend the situation in Abkhazia has remained tense. According to a report from the Georgian armed forces headquarters stationed in the autonomous

republic, on Saturday and Sunday, as a result of harder fighting Georgian subdivisions had managed to move several kilometers forward and secure new positions. On Saturday a land-based missile downed a helicopter of the Georgian Air Force and both crew members died. Shevardnadze signed an edict according to which the crew commander, Colonel of Georgian Aviation Dzhemal Maysuradze, was posthumously awarded the Order of Bakhtang Gorgasal of the First Degree.

From information from unofficial sources a correspondent learned that several days ago up to 20 SU-25 aircraft were delivered from Russia to the Bombora military airport near Gudauby. This squadron was commanded by officer Shalimov. It was learned from the same source that a large group of high-ranking officers of the Russian Army had arrived at a place near Gudauby.

## ESTONIA

### Kaitseliit Appoints New Chief

93UN0515B Tartu POSTIMEES in Estonian  
25 Nov 92 p 3

[Article by Peeter Tali: "Chief of Kaitseleit, From the New Year, Is Johannes Kert"]

[Text] With a decree issued last week, the RE [Republic of Estonia] Government appointed Captain Johannes Kert, formerly chief of the Kuperjanov Individual Infantry Battalion, to be the new chief of Estonia's Kaitseleit [Defense League]. Captain Kert (32) will replace Major Manivald Kasepold (40) beginning January 1 next year.

Captain Kert told POSTIMEES yesterday that he has become attached to the Kuperjanov battalion, and is currently getting ready for maneuvers to be held in December. In the new year, and in his new position, Johannes Kert will be relying on help from the Ministry of Defense and the headquarters staff of the Defense Forces.

#### The current condition of Kaitseleit is,

in Captain Kert's assessment, the following: undisciplined, poorly equipped and poorly trained. Many things have not been explained to members of Kaitseleit. "The Kaitseleit members live in the hope of something new, they are waiting for a push forward," Captain Kert says. "This new thing is a professional approach."

The biggest problem seen by Captain Kert is the shortage of professional officers with whom he could start working at Kaitseleit. He wants to find officers for KL [Kaitseleit] who have at least some training, or even the same military education that he himself has.

Kert thinks that a lot of reform is needed at the KL headquarters. Right now, there are quite a few people there who do not measure up to their tasks, and whose further stay on these positions would, in these confusing times, reflect poorly on Kaitseleit as a whole.

Captain Kert says: "I am reluctant to take any officers out of the Kuperjanov battalion. I want to keep the battalion intact. I am the biggest fan of the Kuperjanovites."

Johannes Kert is planning to talk to all leaders of local KL units but, due to the upcoming maneuvers, he will not have time for it in the near future.

Kaitseleit's current chief Major Manivald Kasepold graduated from a school for militia [police] personnel, followed by a two-month course for junior officers offered at the headquarters of Defense Forces.

Captain Johannes Kert, chief of the Kuperjanov battalion, is a 1981 graduate of Tartu University's Physical Education department (thesis on sports psychology), and has subsequently served as an officer in the USSR land forces for a year and a half. The USSR Supreme Soviet,

the Exile Government of the Republic of Estonia, and the Government of the Republic of Estonia have all conferred the rank of Captain on Johannes Kert. He was the head of Tartu Kaitseleit. During the August coup of 1991, he took his Tartu KL unit to the barricades in Tallinn, as Manivald Kasepold brought in the Rapla unit. Johannes Kert is married and has two daughters.

#### Good officers are hard to come by

Colonel Ants Laaneots, headquarters chief of Estonia's Defense Forces, told POSTIMEES yesterday that the headquarters staff is looking for a new chief of the Kuperjanov battalion.

"Nothing will become of Major Manivald Kasepold, the former head of Kaitseleit. He will remain on active duty. Headquarters would like to send Major Kasepold for additional training to some respectable military training facility," Colonel Laaneots asserted.

Ants Laaneots was forced to admit that the biggest problem in the formation of Estonia's Defense Forces is the acute shortage of well-trained officers. The military qualifications of all current officers in Estonia's defense forces are short of adequate.

### Reform Minister Hänni Interviewed

93UN0515C Tartu POSTIMEES in Estonian  
13 Nov 92 p 4

[Interview with Liia Hänni, Minister of Reform, by Meeli Müüriveal: "Ten Minutes With the Reform Minister"]

[Text] When she became minister, Reform Minister Liia Hänni said: To begin with, we have to find out where the ownership reform is at. I am determined to do everything for it to be just and based on law.

Between the minister's Tartu meetings, POSTIMEES tried to find out what has been done, so far, to begin with.

[HANNI] I have been working with three of the ministries most involved with reform: The ministries of justice, economic development and agriculture; to assess the progress of the reform, so far, and to determine the reasons for snags.

One thrust of the activity is to review and analyze the laws passed so far; the other is to determine those crucial areas not yet covered by legislation.

[MUURIPEAL] What laws are to be expected?

[HANNI] The privatization law should determine the procedure for privatization, its mechanism, and the responsibilities and rights of state organs. We still need legislative bills for privatization securities, and for state property (the latter would determine how Estonia should

administer its state property); and a few others that deal with creating a legal environment necessary for a market economy.

[MUURIPEAL] To what extent are laws passed so far responsible for snags in the reform process?

[HANNI] There are big contradictions in existing laws. How, for example, should the work shares of collective workers be linked to shares of national capital? We know about the national capital shares that one year of work equals one square meter of apartment space. In agriculture, the size of a work share is determined by how much property is left to cover the work shares (after the portions for the state, communal property and other such have been deducted). The different shares will have to be comparable, and have a common denominator, which can only be the kroon. The use of national capital shares has been discussed in connection with privatizing apartments but, in my opinion, people should also be able to use them to privatize other state property, including land.

**The foregoing does not mean that laws on reform that have been passed so far are worthless, or should be abandoned or revamped thoroughly. All solutions that are worthwhile will be retained.**

Also vital to the privatization process are matters dealing with the return of, and compensation for illegally expropriated property. The government must know to what extent and which property is being reclaimed, what is its total value, and what amounts are necessary to cover it. It should also be determined what state property is backing the compensation securities, because only then will they have any value in the eyes of the people. Consideration should be given, of course, to the financial position of the state of Estonia. I have proposed the idea of a compensation fund, made up of proceeds from privatizing state property, out of which payments would be made to the people.

Returns and compensations depend largely on how fast local commissions can review the applications. In Tartu, I tried to find out how the state could help speed things up.

[MUURIPEAL] What happened around the privatization of Talleks shows to what extent the state can guarantee legality and justice. The prime minister has expressed his regret that, while the rip-off was going on, the first privatization to be annulled by court action was such where neither sellers nor buyers had any criminal intent, as guarantees were promised to private entrepreneurs. However, the commission headed by you was given two weeks to come up with a plan of action, and this time is not up yet ...

[HANNI] The government does not think that any law was violated, we want to resume activity when all adjudication possibilities have been exhausted. The decision of the Tallinn City Court, sustained by the

Supreme Court, had not reached the government yesterday (Tuesday). Our proposals and decisions can be made only on the basis of true and clear information.

#### Director on Metal Trade Difficulties

93UN0515E Tallinn EESTI ELU in Estonian  
30 Oct 92 p 1

[Interview with R. Lepikson, Director of Estonia's Metal Exports, unattributed: "Estonia's Customs Behaving Like Gendarmes of Europe"]

[Text]

[EESTI ELU] The list of metal dealers killed is growing daily. Does the director of Estonia's state company for the metal trade fear for his life?

[LEPIKSON] The link between murder stories and the metal trade, touted by the media over the past few weeks, is largely the invention of journalists. The fact that some brawling buyer gets killed does not necessarily mean that the entire Estonian metal trade is run by the Mafia.

[EESTI ELU] You were director of the successful metal firm Avantek before it moved to St. Petersburg. Why did Avantek close down its operations in Estonia?

[LEPIKSON] We found it no longer made sense to do business here. Why force metal imports, if the state is opposing them. The state collected roughly 10,000 dollars in payroll taxes from Avantek. The constant changes in the law made honest business impossible. Estonian Customs people were behaving like gendarmes of Europe.

[EESTI ELU] It is hard to understand your logic as a businessman—you worked for a successful company where personal rewards were certainly bigger than what you have now, heading a state enterprise. Why did you accept the position as head of the state corporation Estonia's Metal Export?

[LEPIKSON] I like to build things from the start. Once the activity becomes routine, it's time to change jobs.

It is generally thought that a director of a state corporation regards the company as his personal property. That is not true. I dare say that, when stepping into a state position, a man should have enough of his own capital to take an interest in the state position without stuffing his own pockets with state money.

[EESTI ELU] The Vahi government established Estonia's Metal Export as a state monopoly. The new government's program, in line with the IMF agreement, requires that 10 of the biggest state monopolies in Estonia be abolished. Is Estonia's Metal Export among them?

[LEPIKSON] This I am not privileged to know. The state can exercise its economic policies only through specific companies. Estonia's Metal Export was also

established to regulate metal trade. We have to carry out the state's policy, even when it is not very profitable to us as businessmen. Buying up old batteries, for example, is not profitable. But our company is doing it as a service to the public.

[EESTI ELU] The Vahi government made repeated attempts to curb the metals trade. In March, all exports of metal were frozen. Then the issue of operating licenses to the companies was started. Who were the people advising our government on regulating the exports of metal?

[LEPIKSON] Every state has its own regulations for the metal trade, which does not necessarily mean serious restrictions. One look at who has been issued a trading license by the commission at the trade ministry reveals the absurdity. It contains names of those who have had no contact, close or remote, with the metal trade, and yet were granted an operating license.

What came as a complete surprise to me, however, was that the commission had stopped issuing licenses for the export of aluminum and copper.

[EESTI ELU] Who would benefit from such a chaotic issue of government decrees?

[LEPIKSON] In my opinion, it was a propaganda stunt, pure and simple, designed to pacify the crowd. The decrees issued by the government had nothing to do with economic analysis. They had not been worked out by specialists.

[EESTI ELU] Secret dealings, corruption?

[LEPIKSON] It is true that many of the former KGB employees, all across the former Soviet Union, have turned to trading in metals. Due to their old acquaintances, previous connections and information, they can have a significant effect on the business activity. It is also true that officials have been corrupted. The border of the Republic of Estonia does not, in effect, exist for the metal dealers, customs officials can be bought. I attended a meeting myself where department head Hindrikson of the economic police informed the interior minister Närksa of the way the official seals get around. The seals of former customs officials are passed around among the dealers, the only concern being that documents with the same seal not wind up at the same customs check point. Higher officials are very well aware of that.

[EESTI ELU] If the higher officials know this, why isn't something done about it?

[LEPIKSON] I know that for a certain amount it is always possible to import or export metal. And this system is working, as thousands of tonnes are coming and going. Of course, both executive director Jürgens of

the Customs Office, and executive director Tikhomirov of the Licencing Office are aware of it.

[EESTI ELU] Has anything changed since Estonia's Metal Export started operating?

[LEPIKSON] We started out to get the buying going.

Our payments are made in Estonian kroons. Trading in metals, however, is measured in large dollar amounts. This is why we only collect the commission, the rest is settled by the trading partners among themselves. At the end of the company's first month of operations, at the end of September, our volume was 60,000 kroons a day. By now it has climbed up to 139,000 kroons a day.

I have not refused a license to anyone. The only catch is, I want to see the merchandise first. They do their own shipping. At one time, we received a head. I went to the shop and looked: Looking back at me from the scales was Volodya himself. I asked who had taken in Lenin—resolved to fire that person on the spot. The head is still in the warehouse: 56 kilograms of bronze.

[EESTI ELU] What is the function of the company being formed as a partnership between Silves Enterprises, EME and a Finnish company?

[LEPIKSON] Such a company does not exist yet, negotiations are still under way. The amounts of scrap metal turned up in Estonia are quite large, roughly 100,000 tonnes of ferrous metal waste and 8,000 tonnes of nonferrous metal waste. And there is more to come. This needs to be processed, but the state has no money to invest in it for some time. A tonne of sheet metal cuttings would fetch 25 dollars, at best, after processing about 80. We would be dealing with primary processing of scrap metal, and preparing it for sale.

[EESTI ELU] What would be your recommendation for regulating the metal trade so that bribery could be eliminated?

[LEPIKSON] There should be a customs fee paid on each tonne. Tallinn did not become a Hanseatic city all by itself, there must have been some justification to it. My estimates show that there are 15,000 tonnes (roughly 250 railroad cars) of metal moving through Estonia each month. If we were to charge a transit tax of 50 dollars per tonne, that would amount to 750,000 dollars coming into the state treasury.

No system can be maintained by police force. Even the big buyers are turned off by the shady dealings. Thefts, however, account for only 0.13 percent of Estonia's total metal trade. Hence, the lawmakers should be concerned more with the interests of the rest of the 99.87 percent. Cables, crosses and busts—that's a headache best left to the police.

**Finance Minister Üürike Interviewed**

*93UN0516A Tartu POSTIMEES in Estonian  
17 Nov 92 p 4*

[Interview with Madis Üürike, Minister of Finance, by Vänu Rozental; "Madis Üürike: I have Never Had Difficulty Finding a Job"]

[Text]

**The former economics and financial ministries will be merged**

[ROZENTAL] What part of the former economics ministry will be joined to the ministry of finance?

[ÜURIKE] In essence, the entire former ministry of economics headed by Olari Taal. There is nothing surprising about that, this merger was first discussed a whole year ago. There has been constant cooperation between the two ministries. The so-called technical aspects of taxation and budgeting, for example, were worked out at the finance ministry; while it was here, at the ministry building on Pärnu Maantee where the analysis of taxes and budgets was carried out. In many states, these functions are handled by one ministry.

[ROZENTAL] When is the reorganization supposed to be completed?

[ÜURIKE] It is scheduled for March 1, but that is too long a time, in my opinion. Reorganization affects the work and life of many individuals, and that is why it is important that it be accomplished as rapidly as possible. Both ministries to be merged have special groups working just on that. Our goal is to complete the reorganization by the end of this year.

**Preparing the state budget is like putting out a fire**

[ROZENTAL] What principles are being followed in the preparation of the state budget by the ministry headed by you?

[ÜURIKE] In Sweden, for example, the budget is introduced at the beginning of January. The fiscal year, there, starts on July 1, so the budget is ready half-a-year earlier. We are talking today about the budget that is to take effect on January 1, 1993. This budget is not ready yet. Thus, I suppose, we could talk about the principle of putting out a fire.

Over the past few weeks, we have been discussing the budget with other ministers. There are some differences of opinion between the finance ministry and other ministries. We find, for example, that pressures to maintain or increase the expenses are present everywhere. We cannot play judge where political questions are at stake. The finance ministry will prepare the budget, technically. All political decisions would have to be made by the government.

We know what the state's proceeds are and what the state's expenses are; we cannot pick these figures out of

thin air. The budget can be balanced only when expenses are curtailed or additional proceeds located. Of course, it would be difficult to predict that proceeds would grow much over the coming year. Not unless some new taxation will go into effect. But the general opinion is that our tax burden is big enough.

[ROZENTAL] When will the government submit the draft of the next budget to the State Assembly?

[ÜURIKE] We have already discussed the budget draft at the government session. It should be recalled that the budget for the second half of the year was approved by the State Assembly only in August of this year. We hope that next year's budget will be approved by the State Assembly during the month of December.

**Paying taxes signifies trust in the government**

[ROZENTAL] You said that our taxes are very high. Please, compare our tax system with that of Sweden, where the taxes are even higher.

[ÜURIKE] I have never said that Sweden represents an ideal, and certainly not for its tax system. Estonia should be looking West, in a more general sense. For some things we could follow the Swedish example, and for some others we could imitate some other country. Taxes in Estonia are lower than they are in Sweden, yet much higher when compared to some of the other Western countries. Even the IMF [International Monetary Fund] finds that our tax burden is too high right now.

Another problem is that tax revenues are not coming in. Taxes are not merely the mechanics of collection, they also represent trust in the state. People develop trust when they know that their tax money is put to good use. We must reach that stage where people are willing to assume responsibility for the taxes.

If taxes were brought to the same level they are in Sweden, there will be more tax evasion. There is no point having a system of taxation that people cannot live up to.

[ROZENTAL] What sort of changes are expected in relations between the ministry of finance and the taxation office?

[ÜURIKE] It is not a matter of relations. Instead, the government's program states that the taxation system be simplified. Maybe we could make a shift to indirect taxation and thus find a way to reduce direct taxes for both individuals and businesses, because I think that indirect taxes are usually easier to collect.

**Moratorium is a shot in the arm for Estonia's banking**

[ROZENTAL] What would be your comment on Estonia's banking during the moratorium?

[ÜURIKE] Estonia has a lot more banks than Sweden. There are 43 banks registered in Estonia right now. Sweden has fewer than 20 business banks.

For a long time now, we have heard complaints that our banks are in a state of bankruptcy, that money does not circulate between the banks, and that demand deposits are not being paid out. All of this shows, apparently, that our banking is ailing. Whenever someone is sick that person needs to be cared for, some remedy found.

The Bank of Estonia moratorium on the three big banks is nothing unexpected, its purpose is to save these banks. It is an attempt to determine the exact condition of these banks, and the Estonian banking system as a whole, because the reports submitted to the Bank of Estonia banking inspectors were not sufficiently clear.

Of course, Estonia's banking problems have been aggravated by funds frozen in Russia.

[ROZENTAL] Do customers of the United Baltic Bank, the Investment Bank of Northern Estonia and the Tartu Bank of Commerce have cause to panic?

[UURIKE] Not right now. In my opinion there was cause to panic just before the moratorium was imposed. The customers did not get their money right away and so, unfortunately, they got used to the situation where money could be had after a wait of several weeks.

[ROZENTAL] You pointed out the fact that we have too many banks in Estonia. Did you mean to infer that reducing the number of banks should start with the three banks now under the moratorium?

[UURIKE] Not at all. I hope that these banks will survive the purge. The Bank of Estonia has determined that the minimum stock equity should be 6 million kroons. This requirement is likely to force some of today's smaller banks to merge.

#### Exchange rate is the price of money

[ROZENTAL] What, in your opinion, should be the exchange rate of the Estonian kroon?

[UURIKE] Nobody knows what the correct exchange should be. The exchange rate is the price of money and, in a market economy, the price is determined by the market. So, it really does not matter whether you try to keep the rate artificially low or high, the market will adjust it anyway.

I agree that the exchange rate of the Estonian kroon is too low. A foreign currency owner can really live cheaply in Estonia. A low exchange rate, however, is still better than having a high rate. The exchange rate of the ruble, for example, was previously kept high artificially. A few years ago, the ruble was worth 10 Swedish krona, today the ruble is worth 3 öre.

A low exchange rate should liven up exports. It is very important to Estonia to get its exports started. Keeping the exchange rate high artificially, will make the goods too expensive. Our goods, however, are not up to the quality of Western goods. The objective here should be to raise the quality of our goods, so that we can also ask

a higher price and thus bring up the exchange rate of the Estonian kroon. After World War II, for example, the Japanese yen was very cheap, and so were the Japanese goods. By exporting cheap goods, Japan got its economy going, and now the yen is very strong. The same is true of the German economy and the mark.

[ROZENTAL] What would be the right time to raise minimum pay?

[UURIKE] That depends on the condition of the economy. To raise the minimum pay now would be in conflict with the IMF requirements. Of course, compared to other countries, the pay level in Estonia is very low. Looking, however, at our internal economy, the quality of our goods, production expenses, and other such, one can see that our economy cannot sustain any significant pay raise. The pay accounts for a large portion of the cost of production, and any raise in the pay would call for an increase in the price of the product. We are caught in a wage and price spiral. The IMF requirement was established to spare the economy a shock from pay raise.

#### Personal

[ROZENTAL] Please, tell us briefly about your life?

[UURIKE] I was born at Tartu, in 1943. I fled to Sweden with my parents when I was a year-and-a-half old. I am an economist. I graduated from the University of Stockholm. For 11 years, I lectured on finance and taxation at the University of Uppsala.

For two years I worked in finance at a big company in America. For five years thereafter I was director of finance at the affiliate of a big investment company in Sweden. After that I was executive director for one of Sweden's biggest real estate firms for 11 years. I left this position in the spring.

[ROZENTAL] Is it true that this firm went bankrupt?

[UURIKE] It is no secret that the firm went bankrupt this fall. In Estonia, a lot is made of bankruptcy, because none of our businesses have gone bankrupt yet. Sweden is going through an economic crisis right now, and tens of thousands of businesses will be going bankrupt this year. Bankruptcy is very often just a matter of reorganization, as the company continues operations under a new owner. Another reason for bankruptcy may be that the previous owner no longer has sufficient funds to invest in the business.

After the bankruptcy of the company mentioned, I served as a financial consultant to the executive director of a London firm. I talked to Mart Laar on the telephone while working in London.

[ROZENTAL] Estonian media, referring to DAGENS NYHETER, has been saying that you have been paid for several years in advance. How would you comment on that?

[UURIKE] I don't care to comment on personal matters of finance.

[ROZENTAL] What were your considerations for accepting Mart Laar's offer to take the ministerial position?

[UURIKE] Given the opportunity to help the country of my birth, my gut-level feeling was to help. I certainly didn't come here to make money. By the way, I was already active as a foreign consultant in Estonia, even during Savisaar's government.

[ROZENTAL] What did your family think of coming to work in Estonia?

[UURIKE] My children are already grown up. My wife was in agreement.

[ROZENTAL] Do your children speak Estonian?

[UURIKE] Our children are from the first marriage of my Swedish wife, so they do not have any Estonian blood, but our daughter attended Estonian grade school and she understands Estonian.

[ROZENTAL] What will become of you when the current government changes?

[UURIKE] I am not really concerned about what will become of me. In Sweden, many people seek and find employment through advertisements. I have never found employment through an ad because of my strange name—Uurike. Yet, finding a job has never been a problem for me. I am a public figure in Swedish business life, I am well known, my work and my skills are appreciated, and I have always had more offers than I can accept.

#### Economics Minister Saarmann Interviewed

93UN0516B Tartu POSTIMEES in Estonian  
17 Nov 92 p 4

[Interview With Ain Saarmann, Minister of Economics, by Väinu Rozental: "Ain Saarmann: I Am More of An Economist Than I Am A Politician"]

[Text] Economics Minister Ain Saarmann is at home with industrial problems, knows construction to some extent, but has not been directly involved with trade.

[ROZENTAL] The ministry headed by you will be in charge of industry, energetics, construction and trade. Why is such a mammoth ministry being created?

[SAARMANN] I see two aspects to this. First, there is an attempt to reach the European level of governmental structure. Most of the European states have 11 ministries, just as we do now. The other aspect is that the state will be less and less involved in the operations of business enterprises and organizations. There is a constant fine-tuning of functions to be left to the state, and those performed by the enterprise.

[ROZENTAL] Does this shift toward Europe also mean that the government sessions will be held on Tuesdays, instead of Mondays?

[SAARMANN] Yes, it certainly does.

[ROZENTAL] The ministry of economics has always been associated with the former planning commission building on Pärnu Maantee. Why did you come to the ministry building on Gonsior Street, into the office of Aksel Treimann, the former minister of industry and energetics?

[SAARMANN] This has indeed caused confusion, even in the government. At the government discussion sessions, I have to double-check every time if a reference was directed to the economics ministry headed by me or the previous one. I hope that, within a few months, we will all get used to it.

We will be working closely with the current ministry of finance located on Pärnu Maantee, but our ministry is not linked to it administratively. The ministry of economics deals strictly with the economy: Industry, energetics, trade and construction. I was given a chance to choose between the buildings of these four ministries. I have always been involved with the ministry of industry. This is the building I know, I have even been invited for "coffee" here back in the stagnation days. I did, and still do, have good relations with the former minister Mr. Treimann.

[ROZENTAL] Which area are you least familiar with?

[SAARMANN] The strongest for me is industry, of course. In the forest and timber sector, each enterprise had to take care of its own construction. Therefore, as director of Tarmel I was, willingly or not, involved in construction, so I know it to some extent. I also have some knowledge of trade, but have had no direct involvement with it.

[ROZENTAL] Prime Minister Mart Laar said, when introducing you, that the government should also include a pragmatist. You have said yourself that in your work you proceed from political considerations, i.e. principles set forth in the coalition agreement. Is it hard to make political decisions as a pragmatist?

[SAARMANN] I was familiar with the principles of the coalition agreement before I was offered the ministerial position. There is nothing in the agreement to daunt me as a pragmatist. The question is how, and if we can implement these principles. I am more of an economist than I am a politician.

[ROZENTAL] In one of your interviews you said that monopolies should be broken up, while somewhere else you said that we should support enterprise and try to keep big business enterprises strong. Isn't there a contradiction?

[SAARMANN] There is a contradiction, indeed, if you look at these two sentences by themselves. Big enterprises should not be broken up by force. If a big enterprise fails apart itself, and new affiliates are formed, that would be a natural process. In my opinion, there should be an initiative coming from below. In Mr. Savisaar's time it was said that by a certain date one group of enterprises should be there, and another one here, while neither parent companies nor affiliates wanted to be on their own. Only in a situation where one group of enterprises wants, and the other does not want to split, could the government interfere. If neither side wants to split, then why should they be forced to do so.

A big enterprise that is not facing bankruptcy and that can keep operating as long as it has not yet been privatized, should be supported in every way. In other countries of the world, big, small and medium sized business enterprises exist concurrently. In Estonia, this is also essential. But since big enterprises were here already, we have to do everything we can to encourage small, medium-sized and private enterprises to get started.

[ROZENTAL] I would like to come back to breaking up monopolies. What are the 10 biggest monopolies you plan to start splitting up right away?

[SAARMANN] I wouldn't want to spell it out quite yet. Which ones these will be, specifically, will be decided by the government. In these things we will have to take the same position. The prime minister has also said repeatedly that this is a government of team players.

[ROZENTAL] How would you comment on the privatization experiment at Talleks?

[SAARMANN] It's easy for you to ask, but a difficult one for me to answer. This incident reveals a gap between our laws and real-life experience. The law has to provide protection so that decisions made by the government, and at a higher level, cannot be called to question.

Commenting on the Talleks incident, I would like to say that we live in a law-abiding society, and if the court found the Talleks privatization to be void legally, there is nothing left to say. On the other hand, the privatization experiment has been going on for half a year now, and we cannot reverse what has been done. All of this creates a very strange situation and does not do much for our reputation abroad.

Everything dealing with privatization should be backed by law. I also want to emphasize that privatization should proceed as rapidly as possible. Big enterprises cannot be split up by force, yet most of them cannot survive in their present form.

[ROZENTAL] How do you visualize the cooperation between the ministry of economics and the Estonian Privatization Enterprise?

[SAARMANN] I must admit that we haven't even gotten around to discussing the Estonian Privatization Enterprise. The government's position, of course, will be the

determining factor here. The privatization enterprise is not a bad thing, in itself, but we shouldn't be copying *Treuhand* with our eyes closed because, as the German experience shows, it has not yet justified itself in its present format. The function of the Estonian Privatization Enterprise should be to prepare an enterprise for privatization. But I do have doubts about whether or not enterprises should, before being sold, be turned over to the privatization enterprise.

[ROZENTAL] Have you picked the members of your team yet?

[SAARMANN] Yes and no. I hope to be naming a chancellor in the near future. The chancellor must be a specialist and know the work of the employees. Once the chancellor has been picked, then we can talk about putting together a team, because I will need the chancellor to help me pick out the individual players. Governments and ministers can change, but the chancellor should remain.

[ROZENTAL] You were director of Tarmel for 12 years. What does Tarmel produce?

[SAARMANN] Tarmel produced parts for the furniture industry, details for soft furniture, in other words—everything we sit and sleep on. Also some packaging items, like crates and barrels.

At the beginning of the year, everything collapsed. There was no longer a market for furniture, the furniture industry was no longer buying the parts we produced.

[ROZENTAL] Does that mean you left your successor with an enterprise in danger of collapsing?

[SAARMANN] No, there is a solution. Of course, within a market economy, any market can dry up fast. Last year, already, we realized that the only way out was to get a foothold on the Western market. Tarmel has managed, indeed, to sell some of its products (table tennis paddles, for example) to the West. At the beginning of the year, 5 percent of Tarmel's production went to the Western market, the rest to the domestic market and Russia. By the second half of this year, these figures were reversed.

[ROZENTAL] You have emphasized that people should have jobs. How could this be guaranteed?

[SAARMANN] The management at each enterprise should be on the lookout for foreign partners for subcontracting, starting joint ventures or for selling the enterprise to, in the course of privatization. I can't see any other possibilities.

Naturally, I am not opposed to selling our products to the East. Whoever can do it—that is just fine. Experience has shown, however, that quite often no payment or exchange goods have been received for the goods going East.

The economic ministry and the government are trying to help as much as possible with the search for foreign partners but, ultimately, each enterprise will have to rely on its own initiative.

Not much can be said about making foreign contacts, in general. It all comes down to what product the company is selling. I could not possibly boast that we at Tarmel worked so hard and that is why we managed to survive. To us, it was important that we were dealing in timber and timber, right now, is the best commodity for export. The situation is much more difficult for our electronics and chemical industry, for example, because they cannot sell their production.

It would be hard to determine if the management of the enterprise was incompetent or not. That should be studied separately for each enterprise. I could not justify broad statements that all directors of enterprises are worthless and that they cannot work in a new situation.

[ROZENTAL] Your former colleague Olari Taal said in ARIPAEV that Estonia's government will change at least three times over the coming year. Your comment?

[SAARMANN] I don't care to make any comment here. Taal will remain Taal. Mr. Taal has always stood out for his extravagant replies and thoughts. As a person, everyone can make a choice: What to stand out for, or what not to stand out for.

#### **Regional Commission Head Raidal Interviewed**

*93UN0516C Tartu POSTIMEES in Estonian  
25 Nov 92 p 2*

[Interview with Jaanus Raidal, Chairman of State Assembly's Commission on Rural Life and Regional Policies, Unattributed: "In Estonia, People Talk of Monarchy, But Each Parish Is a Kingdom Already"]

[Text]

[POSTIMEES] The political desk of POSTIMEES has been getting a lot of letters recently about administrative boundaries and local government reform. Could you, as chairman of the commission on rural life and regional policies, tell us why this topic has become so fashionable right now?

[RAIDAL] I believe, and hope, that the discussion will become even more vigorous than it has been so far, and that it will really reach every parish, every home, every family. The question ultimately is how each individual wants to see and run his life, so that he or she would truly be a free citizen in a free state, and that our state be accepted as an equal among equals.

[POSTIMEES] Which of the positions expressed so far do you agree with, and which ones do you not?

[RAIDAL] Currently, most of the writings are trying to explain that everything done so far is quite all right, and that there is no need to hurry, we'll get there. This makes

me a bit cautious, because I have a feeling that ... Well, I don't know, but it seems that I am living in a madhouse: Nobody is responsible for anything, nobody is giving an account of anything, the public cannot keep up with everything—we are experiencing a total mirage. Maybe, to some people, this is society in its normal state. In my opinion, however, a normal society is one where every citizen can achieve his or her goals, where one's ideas or actions make a difference, where one can be the master of one's property and be given all legislative guarantees. Right now, we certainly do not have all of that, while some people are trying to explain that we don't really need it any time soon.

[POSTIMEES] The seekers of rapid reform are often asked to wait because every change is costly.

[RAIDAL] My thinking is that we are just beginning to see how our money is circulating. Who is paying taxes and who is not. Point number two is that we know already how our money is spent. I, at least, have enough information on that, thanks to the specific nature of my job, and I can see how in some places it is possible to buy Volvos and computers in such numbers that people no longer know what to do with them. I also know social welfare offices and centers where they can no longer pay out pensions or pay for a burial because there is no money. This shows that our circulation of money, monetary and budgetary policies, are all out of whack. The reform being talked about presupposes that life cannot be straightened out until we have straightened out relations between money and local governments, and that means budgetary relations. When an individual is paying taxes, it is always for some service or for creating an environment worth living in. People do not pay taxes so that someone else could build a villa or just pocket the money.

[POSTIMEES] How can local self-government reform prevent these things from happening?

[RAIDAL] The aim of the reform is to determine, according to the population's wishes, what would be handled by the state, and what by the local self-government. In the course of discussions it has become apparent that there is no clear understanding what local self-government actually is. A little while ago, we had party dictatorship, I mean the CPSU, who hung, commanded and shot people. Now, we have reached the Republic of Estonia and we no longer have a party that commands and shoots. This is why new structures and new policies for regulating our lives must be created. So far, this has not been done. Setting up administrative structures, together with local government reform, provides the channel through which all terms and all relationships will be worked out.

[POSTIMEES] Can you be more specific?

[RAIDAL] The 1989 law on the fundamentals of local government provided that the head of the local government could be both chairman of the council and the executive arm of the government. It is abnormal for one person to be given so much of a mandate. We have heard

a lot of talk about monarchy, but we have our kingdoms already. The same parishes and local governments are the kingdoms, because there is only one person whose signature counts, everything else is fiction. In a normal democratic territorial unit, the council is separated from the executive function. The council or the self-government is the decision-making body, while institutions providing services are created alongside of it. Thus, self-government is not a power, because it relies on the participation of people, who elect their council in direct elections. This body, in turn, will create an administration in charge of health, environment, education, communal economy and so forth. But this is not power, but only a provider of services. The council is also the only body that guarantees that the taxes paid by local people are put to good use.

[POSTIMEES] Who actually initiated the current local self-government reform?

[RAIDAL] It has been discussed at length since 1989, when the first legislative bill for local self-government was introduced. But this law was not complete, and no other laws were passed, so everything petered out.

[POSTIMEES] But who was it that brought it up again?

[RAIDAL] This can be blamed on the city of Otepää. This city assumed the initiative for local self-government reform back in July, and called for a proposal that would provide the fundamentals for making rapid changes in the legislation that deals with structuring the mode of living for the local communities. The proposal mentioned has also been submitted to the State Assembly. This is where it all started. Because this proposal turned out to be sufficiently radical, even frightening and shocking, people at different institutions started worrying what would be the impact of all of these drastic changes on their lives. Such a reorganization, however, would reveal all the confusion and the corruption, and show where the people's money had been going. This is why it is also clear why certain forces are anything but interested in this proposal.

[POSTIMEES] Do you have any idea how many supporters there are for local self-government reform?

[RAIDAL] Based on the meetings I have had with the voters, it seems that 40 percent of them strongly favor the changes. The other 60 percent of the population are indeed those who are used to waiting for a command as to what to do, and who make a habit out of criticizing and grumbling all by themselves. Thus, the majority is not yet ready to go with the changes but, as life has shown, ten inspired people can often accomplish more than a hundred indifferent ones.

[POSTIMEES] Alongside the wage earners, there is a class of entrepreneurs emerging in our society. As citizens, would they be more or less active than the wage earners?

[RAIDAL] New entrepreneurs, as a rule, are sound thinkers. They have their own shortcomings, though, because enterprise is still in its infancy and only beginning to take shape. But someone who has already become a property owner, who already has some money and who already thinks about investing it, will understand what needs to be done in the society, so that such a person will not again be deprived of the wealth that he or she had managed to create. A different question is, of course, how such riches were created. This is not yet clear, right now, but the process that has been released, and is continuing indirectly, cannot help but bring everything else out in the open.

[POSTIMEES] So when a person becomes a property owner he or she does not become an individualist but rather more of a social creature.

[RAIDAL] Yes, indisputably so, because such a person has no other choice. Hiding one's assets in the linen closet or stacking them up in the basement would be absurd. People are earth-bound, we are born here, and we depart from here. The belongings we have are there to be used. That goes for a person's home, his company where he employs others, and where they get paid for their work. This is how the snowball will start rolling, normally, and shaping itself around the owner. The point is that we will finally have to decide whether we want to become owners, remain farmhands, or become slaves instead. These terms may be a bit too intriguing, but these are the choices we are facing.

[POSTIMEES] How soon, in your opinion, can we carry out local government reform and regulate local elections?

[RAIDAL] If we get the appropriate bills for the most essential legislation at the beginning of December, as requested by the justice department, it would be quite possible for the State Assembly to pass the laws in January or February, and announce the elections for the local governments. This way, everyone will also find out what local self-government means and what are the rights and responsibilities of people running for it. This has to be clear before the elections. I am categorically opposed to elections for the sake of elections. We don't have that kind of money that we could have elections without getting anything done. This is why we have to be convinced first that local government will become the pillar of democracy. If local governments are weak, the state will also remain weak.

[POSTIMEES] What will become of the districts after local government reform?

[RAIDAL] Many people have accused me that I am out to create new oblasts and big central leadership organs. Far from it. The districts are not disappearing. We could have 15 or even 20 of them. In the ancient times, districts served as alliances of smaller communities. The local governments can do the same thing. If they want to create a district, the local governments can pool their resources for certain services that would not be effective

for each local government to maintain. The only condition is that this alliance be strictly voluntary. When we talk about a two-level community arrangement, where one is the state level, and the other local or self-government level, then district is a voluntary alliance of self-governments. The state can have regional policies that do not necessarily have to coincide with district boundaries and their structures. It wouldn't make sense to have state bureaucrats presiding over alliances of self-governments, especially since the state will only retain about 30 percent of its former regulatory role, with the rest of the tasks being assumed by the citizenry. By withdrawing our support from all kinds of artificial creations, we can even start reducing taxes. Thus, self-government reform will not be making our lives more expensive, but will enable us to find the cheapest and the most economical mode of living if we really want and know how to find it.

#### **CSCE Questions Citizenship Requirements**

*93UN0542A Tallinn THE BALTIC INDEPENDENT  
in English 11-17 Dec 92 p 3*

[Article by Stephen Wolgast: "Estonian Citizenship Requirements Questioned by CSCE Visitor"]

[Text] Estonia's language requirement for citizenship may be too stringent, according to a Finnish Foreign Ministry official who visited Estonia on December 3 to 5. "Estonia may need to review some aspects of the language law," Klaus Tõrnudd said. He added that he saw no other human rights problems in the country.

Mr. Tõrnudd, a senior advisor to the Finnish foreign minister, joined four other men in a delegation from the conference for Security and Cooperation in Europe (CSCE). The group came at the invitation of the Estonian government, and visited Tallinn and northeast Estonia.

However, a senior official of the Estonian Language Board said the CSCE delegation did not meet with board representatives to discuss the law. "Obviously, the information they have is imprecise," said Mart Rannut, the general director of the board. He said independent research organizations in Finland and Canada had reviewed Estonia's language law, and found it acceptable. The language board drafted the law and runs language exams for professionals.

Merle Haruja, head of the human rights bureau at the Estonian Foreign Ministry, said the current requirements are acceptable for Russians. "When they really want to learn (the language), they can do it; but if they don't that is a problem," she said. "They have to decide themselves."

Russian-speakers who want to make Estonia their permanent home should be allowed to acquire citizenship more easily, Mr. Tõrnudd said. "There are some problems (in the citizenship law) the Estonians should look into," he said, adding that the official report had not yet been written.

The head of the delegation, Professor Christian Tomuschat of Bonn University, was also concerned with the well-being of non-citizens. "I think the main reason the Russians (in Estonia) are worried is that their future is mixed with uncertainty," he said. "They don't know if they will be given equal rights with Estonians in every part of life," Mr. Tomuschat told a press conference.

He suggested informing Russians more thoroughly about Estonia's language and citizenship laws. "Lack of information among the Russian-speaking community seems to be the main reason for the mutual inability to understand the other party," he said.

The delegation will write a report about their visit, and will send it to Estonia's government. After the Estonians add their comments, the report will be forwarded to all CSCE members.

#### **Velliste on Negotiations With Russia**

*93UN0542B Tallinn THE BALTIC INDEPENDENT  
in English 11-17 Dec 92 p 8*

[Interview with Trivimi Velliste, Estonian foreign minister, by Andrzej Jeziorski: "Dances With Bears"; date and place not given]

[Text] The baffling storm of contradictory signals from Moscow recently has chilled relations between Estonia and Russia.

The suspension of troop withdrawal from Estonia and Latvia, and Russian President Boris Yeltsin's initial statement linking the issue to alleged "human rights violations" against Russian residents, has been followed by climbdowns, new threats, complaints to the UN—and now, finally, some sign of an incipient thaw.

Heading the Estonian team is Foreign Minister Trivimi Velliste—a former journalist and one of the earliest proponents in Estonia of legal continuation of the pre-war republic. As president of the Estonian Heritage Society during the independence struggle, he was known as a fervent nationalist, outspoken in his condemnation of the 50-year Soviet occupation and the desecration of the country's environment and culture; now he is charged with the task of establishing a civilised rapport with the enemy of old.

Mr. Velliste says he stands by his former aggressive stance. Yet at his meeting in Moscow with Russian opposite number Andrei Kozyrev on December 2 and 3, he was quoted as saying that Estonia was prepared to "simplify the problems of citizenship" for Russian-speakers.

"There is no contradiction in this," he insists. "Many regulative acts (in the citizenship law) are still open; now we are just discussing the implementation." There is still room for maneuver on the language requirement, he adds, and "good will" concessions are under consideration for Russian-speaking pensioners and the handicapped.

With an understanding from both sides that progress will only come with mutual give-and-take, the recent talks seem to have tapped a hitherto undiscovered vein of goodwill. Mr. Velliste says that personal contact plays a role in this, but there are other, practical reasons why Russia should suddenly appear more flexible.

Internal opposition to Mr. Yeltsin's economic reform programme is growing, while some of the surrounding CIS states are embroiled in their own violent troubles. "Economic reform...requires as much stability as possible," says Mr. Velliste. "When there are so many crises around the (Russian) border it could not be in their interest to have another in the northwest."

Mr. Yeltsin is in a situation where he has to appease an unruly military and increasingly restive hardliners, looking for an excuse to undermine his credibility.

"Russia is unpredictable...It's not very well managed at the moment, and you have a tremendous power struggle there," says Mr. Velliste. "I hope the Yeltsin team can hang on and continue the reform process, which is certainly favorable for Estonia too."

For now, the Estonian negotiators will concentrate on what Mr. Velliste sees as the key foreign policy issue facing the republic: a deadline for Russian troop withdrawal, without which Estonia "can never be independent." Mr. Kozyrev agreed at the Moscow meeting that the pullout should be completed in accordance with July's CSCE act and the November 25 UN resolution: as soon as reasonably possible.

In its turn, the Estonian government has pledged support for Russian democracy and promised to help in the construction of accommodation in Russia for military personnel displaced from Estonia. Mr. Velliste hopes that a withdrawal deadline can be agreed on at the next round of talks in Tallinn on December 15 and 16.

However, this progress has put another major issue on the back burner: the Russians are still not prepared to discuss the return of Estonia's 1920 border, as defined by the Tartu peace treaty. This would require Russia to surrender the Petseri region and the town of Jaanilinn, now known as Ivangorod.

Estonia has committed itself to reclaiming this territory, and Mr. Velliste insists that the commitment still stands. "We will have to come back to this when the political situation has changed," he says.

Remaining high on the agenda, however, is the inflammatory issue of the rights of Russian speakers in Estonia, tied in with the citizenship law. Mr. Velliste has already said that he welcomes UN human rights investigators, as Estonia has "nothing to hide." Many Russians would disagree.

"They never understood that Estonia was not a constituent part of the Soviet Union," says Mr. Velliste. "They have been so badly indoctrinated that they honestly believe they liberated us—this is total nonsense."

"If you take it from the personal point of view, you could say that a specific person is a victim of history," he continues. "But if you extend that to each and every one of them, then who were the authors? Was it Stalin alone? Where is the mechanism?"

Estonia's arguments on this issue have so far failed to reach the global community, swamped by the clamor of Russian outrage.

"A small nation like Estonia doesn't have the resources to compete with a huge nation's propaganda machine," says Mr. Velliste. "It's no surprise: the front page of THE NEW YORK TIMES is not automatically open to us."

#### Army To Use NATO Armaments

93UN0571A Tallinn *THE BALTIC INDEPENDENT*  
in English 18-24 Dec 92 p 3

[Unattributed article: "Western Arms for Estonian Army"]

[Text] The Estonian army is going to buy all its arms from the West and "switch over to NATO armaments," Estonia's new defense minister, Hain Rebas, said on December 13. Concrete offers of arms sales have been made to the Defense Ministry by Germany and France, he said.

"The threat to Estonia comes from the East ... and if we must confront danger from the East with arms obtained from the East we would soon face problems of getting ammunition," the acting chief-of-staff of the Estonian defence forces, Colonel Anst Laaneots, explained.

On December 11, Estonian defense forces received 2,000 army uniforms donated from Sweden. Previously, Finland had donated 2,000 rifles and three machine guns for practice and training purposes. As to combat arms, the army only has the Soviet-designed sub-machine guns bought a few months ago from Bulgaria.

Sweden and Finland have agreed to train 20 Estonian noncommissioned officers each in 1993. Two Estonian officers are currently studying in the USA and 20 non-commissioned officers are being trained in Finland.

Mr Rebas, an expatriate Estonian from Sweden, plans to set up a "total defense" for Estonia which would comprise both military and civil defense systems. He said such a defense doctrine would be modelled on Sweden and Finland where it works very well.

#### Tartu Commercial Bank To Lose License, Close

WS2312130392 Tallinn *ETA NEWS BULLETIN*  
in English 1334 GMT 21 Dec 92

[From 19 December ARIPAEV, RAHVA HAAL, pp 1-3]

[Text] Monday, December 21—According to the decision of the Bank of Estonia Board from Friday, December 18, the Tartu Commercial Bank (TKP) is to lose its license and the central bank is to use the compulsory liquidation procedure. The North Estonian Shareholders Bank (PEAP) and the Union Baltic Bank (UBB) are to join in a month to form a new shareholders bank named the Allied Nordic Bank.

The Board discussed the situation of the three banks under moratorium for three hours. The TKP crisis programme was rejected as unreliable. "It contained too many questionable ideas for the Board to let this situation go on," the Bank of Estonia President Slim Kallas said at a news conference. The compulsory liquidation was preferred to bankruptcy as offering better protection of the creditors' interests. They are likely to recover approximately 78 percent of their deposits, Kallas and Finance Minister Madis Uurike said, though Kallas warned that the actual sums recovered may be smaller than that. Until the forming of the liquidation commission the bank will be managed by the moratorium commission headed by Vahur Kraft. The moratorium ended on Saturday and the Bank of Estonia presented materials on the former bank management to the State Prosecuting Office. The liquidation is to last until all claims will be met.

The merger of the other two banks is to take place on January 18. The moratorium is to end by that date and the customers' accounts will be unfrozen. The frozen assets at the Soviet Vneshekonombank will be turned over to the Bank of Estonia which is to "claim the return of the sums more urgently." The central bank is also looking for ways to sell the PEAP.

The IMF solution to issue obligations for 850 million kroons was rejected as causing major internal debt, Kallas announced. The compulsory merger of the three banks was also impractical, he added. "The present solution was acceptable to Estonia—the state as well as the government," Kallas concluded.

## LATVIA

### **Latvia's Depopulation Dynamics Examined**

*93UN0425A Riga DIYENA in Russian 11 Nov 92 p 2, 12 Nov 92 p 2, 13 Nov 92 p 2*

[Article by Peteris Zvidrins, doctor of economics and academician: "Depopulation: In Latvia the Size of the Population Is Being Reduced Both Naturally and Through Migration. And That Is a Unique Situation in All Europe and Even the World"]

[11 Nov 92 p 2]

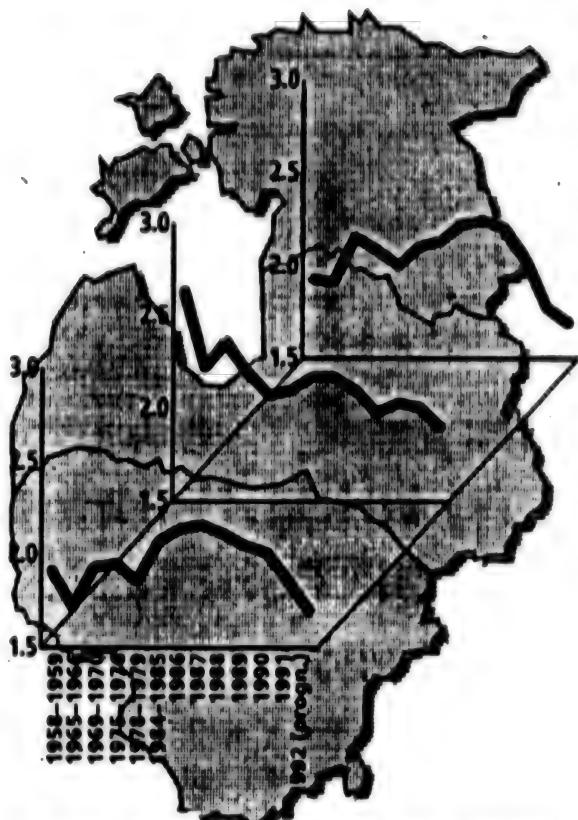
[Text] The term *depopulation* is usually used to indicate a situation in which the numerical size of the population is reduced as the result of natural processes. However, a situation that is created by the death rate's exceeding the birth rate is an extremely rare phenomenon. After all, in cases of negative population growth, the migration balance is frequently positive. In our century, negative natural population growth was recorded in Latvia only during the war years, as well as 1920 and 1946, when the consequences of the war were still being felt. Now, however, depopulation has begun under peacetime conditions. In the recent period the number of people leaving the country has been greater than the number

migrating to it. Thus, the size of the population is being reduced both naturally and through migration. And that is a unique situation in all Europe and even the world.

In Latvia since the fall of 1990, the number of deaths regularly exceeded the number of births. The year before last, the natural increase still looked substantial—3,106 persons (compared with 6,338 persons in 1989, and 8,854 persons in 1988). Last year's balance, however, was minus 116 persons. This year's balance is becoming even less favorable; by the end of the first six months, the number of deaths had already exceeded the number of births by 1,000. Since there are usually few newborns during the last quarter of a year, there is every reason to assume that there will be 2,000 to 3,000 fewer newborns this year than last. (This is already the fifth year in a row that the number of births has dropped substantially). Naturally, we can expect a record in the birth rate-death rate balance this year, since last year's unprecedented number of deaths—34,812—will most likely be surpassed this year.

Precise data characterizing the intensity of the demographic process show that a profound demographic crisis has set in. In the 1980s society managed, with great effort, to raise the birth rate, which, under the conditions of the passive demographic policy that had been followed since the mid-1960s, had dropped considerably lower than the level necessary for the replacement of generations. In the mid-1960s the so-called overall birth-rate coefficient fell to 1.7, becoming one of the world's lowest. This index, which characterizes the average number of children born to one woman over her lifetime (on the condition that the birth rate is sustained at the level of the calendar period in question), was regularly lower than 2.0 in the 1970s and early 1980s. In the second half of the 1980s, however, it rose to 2.0-2.15 as the result of a more active demographic policy. The maximum level was reached in 1986-1987, but a revival, a revolution, had begun. Unfortunately, the economic situation deteriorated, psychological tension increased, and unemployment began. Consequently, the birth rate dropped to 1.86 last year, and this year it may be lower than 1.7. Only in a few European countries can one find a lower coefficient. Granted, we are still a long way from the minimal indices of Italy, Spain and San Marino (about 1.3), but that does not lessen the problem's importance. The decline of the birth rate in Estonia is even greater than in our country (2.25 in 1988, and 1.78 last year), while in Lithuania the political and economic shocks have had little effect on population reproduction.

Our health and viability are in a disastrous state. Only for a brief time did we manage to stop the decline in average life expectancy that had been recorded for two decades. In the past four years the unfavorable trend has reemerged. Last year the death rate was such that, if the trend persisted, a newborn could expect to live only 69.2 years. The "strong" sex's expectancy was only 63.7 years (for women it was 74.5 years). The situation continued to be especially unfavorable in the countryside, where average life expectancy for men was only 61.8 years last



Overall Birth-Rate Coefficient in Baltic Countries  
(Figures for 1992 are forecasts)

year. These indices remain the lowest in the Baltic region and Europe. The situation continues to deteriorate, and on our continent only peoples whose members are dying as the result of military actions can offer us any competition in this respect.

Last year the number of accidents, poisonings and injuries "leaped up" once again. A sort of record was even set: 3,128 men and 1,010 women died for these reasons. Approximately half of the accidents were associated with excessive alcohol consumption. The number of transport accidents that had a fatal outcome (1,213) was twice as high as in 1987. There were very many suicides (759) and murders (304). In addition, 439 people died from falls, 384 drowned, and 140 died of alcohol poisoning. This year the number of cases of unnatural death has also been high. Deaths as the result of accidents and suicides have accounted for 12 percent of all deaths. If we do not solve this problem, we will not manage to rise from the last places in Europe in terms of average life expectancy. Obviously, the past and present social systems have deprived a large part of the population of an understanding of the value of life. If the mortality rate from injuries and accidents were cut in half (which is not all that unrealistic), average life expectancy would increase by three years, and even by four to five years for men.

Unfortunately, the death rate, due to two main causes—diseases of the blood circulatory system, and neoplasms—also remains rather high in the country. In Latvia the rate of death from these diseases among persons of working age is approximately twice as high as in France, although before the war it was higher there than in our country.

Our families continue to be unstable. The number of marriages is declining, and the number of divorces is very high. Last year, 22,337 marriages were registered, less than in the preceding years. Since 1988 the annual number of marriages has declined every year, and a sizeable decline occurred last year.

Last year the number of divorces (11,070) was 287 greater than in 1990. Granted, the number was lower than it had been in the late 1970s and early 1980s. However, in 1991 there were 50 divorces per 100 marriages, while in the previous six years there had been fewer. This year is disclosing an even further deterioration in this ratio: in the first eight months, there were 68 divorces per 100 marriages. And so, the "war of the sexes" that began back in the mid-1960s continues. Only in the United States is the divorce rate per 1,000 inhabitants higher than in Latvia. Since 1980 nearly 150,000 divorces have been registered in the republic. Over this period the divorce process has affected about 300,000 married persons and approximately 150,000 children living in their families.

Studies show that demographic processes differ among the various nationalities. In the past two decades the birth rate among Latvians was higher than the average for non-Latvians. In the late 1980s the overall birth coefficient for Latvian women (2.25) was substantially higher than for Russian women (1.86). This difference is evened out if one looks at the birth rates separately for the city and countryside, but the general pattern is maintained. In Estonia and Lithuania, the birth rate among the indigenous nations is also higher than for other nationalities, including Russians. Conversely, the death rate among Latvians is lower than for the representatives of other nationalities as a whole. The standardized mortality rate for the country as a whole in 1988-1989 was, on the average, 12-13 percent lower for Latvians than for Russians. However, a relatively higher birth rate and lower death rate could not prevent a systematic decline in the percentage of Latvians in the total population. And a prolonged decline in the birth rate has resulted in an aging of the indigenous nation's population. On the whole, the non-Latvian part of the population is younger. Moreover, it has been steadily increased by a new influx of migrants, the bulk of whom have been young people. The last census showed that the percentage of retirement-age people was 22.5 percent among Latvians and 18.1 percent among Russians. The average age of Latvians was 37, and the average age of Russians—34. Therefore, even in Latvia's natural population increase, the percentage of Latvians was insignificant. During the period from the first postwar census in 1959 through 1991, the natural population increase

among Latvians produced only 22,700 of 243,000, or 9.3 percent. Under the influence of an unfavorable age distribution, in 1973 the natural increase among Latvians was even negative. This situation, in which the number of deaths exceeds the number of newborns, existed through 1981. The last time such a situation occurred was in 1985. Then a more favorable period set in, continuing until 1990. Last year the natural population increase among Latvians fell to 310 (it had been 2,392 in 1988, 2,180 in 1989, and 1,546 in 1990), and this positive balance was established largely in the first six months. Lately the processes in question have primarily produced a negative result. Consequently, a process of decline in the numerical size of the nation as the result of natural population movement has begun once again.

[12 Nov 92 p 2]

[Text] Questions arise: how long can this situation of depopulation exist? What are the dynamics of the size of the Latvian population, taking into account the processes of migration and assimilation?

Statistics indicate that the percentage of Latvians in the country declined from nearly 80 percent in 1939 and more than 80 percent in the second half of 1945 to 62 percent in 1959 and 52 percent in 1989. However, not long before the 1989 census, a third awakening of the people began. On 14 February 1989 the Latvian SSR Council of Ministers' historic decree on measures to reduce the unwarranted increase in the population size and regulate migration processes in the Latvian SSR was adopted. The migration balance in the republic as a whole became negative. That sort of picture had not been observed in Latvia for whole decades. A small increase in the number of Latvians was also noted in connection with the arrival of compatriots from other republics. The restoration of independence reinforced this tendency toward the nation's preservation and development.

The years 1989-1991 were characterized by an increase in the number and percentage of Latvians. These indices rose somewhat as the result both of natural increase and of migration and assimilation. Therefore, one can say with confidence that at the beginning of 1992 the number of Latvians was several thousand higher than at the time of the 1989 census. It is not difficult to determine the natural increase and increase resulting from migration. However, in these calculations one must also take into account the effect of assimilation, which hitherto was rarely taken into account. The appropriate information to assess these processes did not exist.

Recently, under the direction of the article's author, demographers at Latvian University have been especially concerned with studying assimilation processes. Already, in analyzing the data from the 1979 and 1989 censuses on changes in the number of Latvians from 1,344,000 to 1,388,000, the idea was expressed that the decisive role in this unexpectedly large increase (44,000) could have been played by assimilation (see P. Zvidrins

and I. Vanovska, *Latviesi % statistiki demografiks portretejums*, Riga, 1992, 55 pp). After all, the number of Latvians could have increased by only several thousand by natural means and by only 10,000-11,000 as the result of migration.

Two special studies on choice of nationality among teenagers and young people in the second generation of ethnically mixed families—based on passport information and the characterization of ethnic awareness—showed unambiguously that Latvians were more frequently assimilating non-Latvians than vice-versa. Of course, the materials from the population censuses are by no means infallible. Nor should one overestimate the dominance of the Latvian element in ethnically mixed families in which one spouse is a Latvian. It should be recognized that many such "partial" Latvians have a poor knowledge of the Latvian language and culture and often have doubts as to their ethnic affiliation. On the other hand, a good many "partial" Latvians are assigned to other nationalities. According to 1989 data, 21,000 children under the age of 15 had a Latvian father or mother, but the children were registered as belonging to other nationalities, chiefly Russian (nearly 16,000). It turns out that 500 non-Latvians were being reared even in families in which both parents were Latvians. Granted, non-Latvian families were rearing more than 2,000 children who were registered as Latvians.

In situations in which the so-called law of greater numbers operates, regularities that cannot be considered accidental show up. In several tens of thousands of families in which only one of the spouses was Latvian, the children were for the most part registered as Latvian. In these cases the fathers tried more often than the mothers to get the children keep their nationality (granted, this is characteristic of all nationalities).

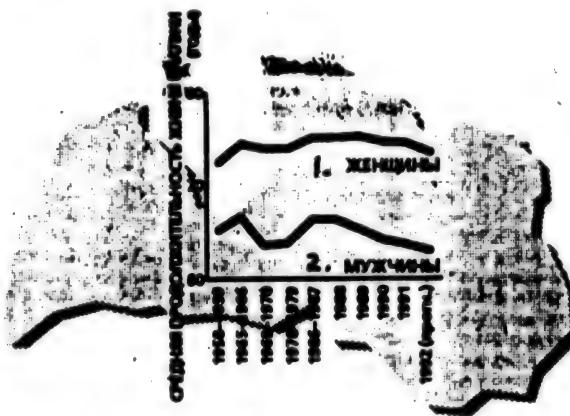
It follows from the 1989 census data that in ethnically mixed families the children were predominantly (nearly three-fourths) of Latvian nationality.

In Latvian-Russian families this proportion was somewhat lower—two-thirds, while it exceeded three-fourths in Latvian-Ukrainian families and was even 80 percent in Latvian-Belarusian families and more than 90 percent in Latvian-Lithuanian families. Obviously, this tendency toward Latvianization is not accidental.

It should be noted that the second largest nationality in Latvia—Russians—has also shown a large positive (progressive) intensity of assimilation. To an even greater extent than Latvians, Russians have been restoring their numbers by assimilating representatives of national minorities. At the same time, Belarusians, Ukrainians, Poles and Lithuanians in Latvia have shown a marked regressive tendency in assimilation. Assimilation has also occurred in the negative direction among Jews, although this tendency is not so marked as among the aforementioned nationalities, especially Lithuanians and Belarusians.

We have calculated that in the more than three years since the 1989 census, the number of Latvians could have risen by at least 5,000 as the result of assimilation processes. In 1989-1991 the number of births exceeded the number of deaths among Latvians by 4,000, and the total number of Latvians also increased by several thousand as the result of migration.

The balance of migration processes for this year is not yet known (it was 574 persons in the year before last and 419 last year), but one may expect that it will be close to zero and that natural population growth will yield a large negative. Consequently, one can calculate that the number of Latvians in the country today is somewhat more than 1,400,000. In connection with a decline in the number of non-Latvians and, partially, natural population growth, the percentage of Latvians among the total permanent population has probably risen to 53.3-53.5 percent. Our calculations indicate that this index will show a tendency to rise in the future.



Average Life Expectancy in Latvia (years)—figures for 1992 are forecasts

Key: 1. Women; 2. Men

13 Nov 92 p 2

[Text] One can agree with the opinion of Andrey Panteleyev, chairman of the Latvian Republic Supreme Soviet's Commission on Human Rights and Nationalities Issues, to the effect that non-Latvians should be "granted the maximum opportunity to choose, that is, part should be given the opportunity to integrate and part given the opportunity to leave, including leaving toward the west" (DIYENA, 3 October 1992). The zero option for citizenship really is leading Latvia toward a two-community state, with which the majority of Latvians cannot agree. An international crime has been committed against the Latvian people, and the consequences of that crime should be removed through political and legal acts.

Number and Percentage of Latvians in Latvia		
(as of the beginning of the year indicated)		
Year	Number (thousands of persons)	Percentage
1935	1,467	77.0
1940	1,490-1,500	80.0
1959	1,298	62.0
1970	1,342	56.8
1979	1,344	53.7
1989	1,388	52.0
1992	1,400	52.6
2000 (author's forecast)	1,440-1,450	55.0-56.0

Latvians are the only people in Europe with a population of a million or more whose numbers in their own homeland have declined compared with the period before World War I and World War II. Therefore, certain advantages should be provided for representatives of the nation in order to eliminate the consequences of the former discrimination. Even according to the strictest international laws, we have the right to establish appropriate parameters of citizenship, limit immigration, etc. Even in the most democratic societies, complete equality among all ethnic groups does not exist. The situation in Russia, which is so concerned about ethnic relations in the Baltics, is far from that point. Therefore, the proposal by [Ju. Boiars] to introduce an amendment in the Satverema to the effect that Latvia is a Latvian national state, thereby confirming the Latvian nation's right to its own state (DIYENA, 1 October 1992) merits attention. Of course, this does not mean infringing on the rights of other nations and groups.

In my view, adoption of this amendment and of a strict citizenship law, as well as the consistent implementation of the Law on Languages, would only partially neutralize the consequences of incorporation. And we have no need to cater to every whim of our great neighbor. Of course, in this connection we must also not permit discrimination based on race, religion, political convictions, social and national origin, property status, or other circumstances.

Given the aforementioned preconditions, the opinion that it is critical to the nation's stability for the percentage of the indigenous population to reach 70-75 percent (DIYENA, 1 October 1992) should not be regarded as absolute. It seems to the author of these lines that this level could be even lower. Most likely, the decline in the percentage of non-Latvians in Latvia will not occur so fast. What is of critical importance here will be not the quantitative but the qualitative factor, especially the extent to which people of other nationalities are integrated (loyalty to the state, mastery of the state language, etc.). One should not overestimate the ability of non-Latvian communities to become integrated, which the experience of past years has already confirmed.

I think that one must not exaggerate the role of increasing the birth rate in demographic development, either (DIYENA, 7 August 1992). Among the economically developed countries, what we stand out for is not our low birth rate but our poor health condition and low level of viability. Under the existing socioeconomic conditions, society cannot permit itself to maintain large families.

In conclusion, one should note that it is not only the demographic situation but also control over demographic development in the country that has deteriorated. In my opinion, the time has come to establish structures in the government that can fundamentally and promptly address the key tasks involved in restoring the demographic health of the entire people. A national *Population* program has been drawn up. Because of a lack of funds, its implementation has been held up. But can we be so passive under these conditions?

A program for the restoration of demographic health must be drawn up for every rayon and big city, taking their specific features into account. A regional (local) data bank on inhabitants could be of special importance in this connection.

It would seem to be a good idea to establish a special governmental commission to monitor the demographic situation in the country as a whole and its individual regions. It could work out a general concept of population development and, on assignment by the government, prepare materials for the United Nations and other international organizations on the demographic situation and demographic policy, and provide appropriate assessments in this area.

At the beginning of November the author took part in a conference in Strasbourg organized by the United Nation's European Economic Commission whose purpose was to prepare for a European conference of demographers in March 1993. The draft recommendations stress that governments should take the demographic factor more fully into account in developing and regulating state programs for economic and social development. The use of scientific advances in demography in practical activities (in city planning, housing construction, public health, social security, etc.) is becoming especially important. It should be recognized that the amount of information on Latvia's inhabitants has not been increasing, and the sphere of scientific research has even been shrinking. Demographic problems still occupy an inadequate place in the curriculums of educational institutions.

Back in the second half of the 1980s, the author of these lines proposed establishment of a Demographic Foundation of Latvia whose monies would be used for demographic purposes (CINA, 31 January, 1989). Lately the question of establishing a demographic foundation has been raised again. However, the foundation's tasks are being interpreted too broadly—linked with the establishment of a special OOO [not further identified], which

would even concern itself with the management of property, the organizations of hotels and vacation facilities, etc. In my opinion, demography is a science that requires fairly clear-cut limits, while demographic policy has narrower tasks.

### UN Clears Latvia of Discrimination

*93UN0545A Tallinn THE BALTIC INDEPENDENT in English 11-17 Dec 92 p 3*

[Text] Claims from Moscow that the human rights of Russian-speakers in Latvia were being violated are unfounded, according to a UN report released on December 7.

"It is a sense of insecurity rather than any gross violation of human rights that is most characteristic of the situation prevailing in Latvia today," said a report written by a fact-finding mission that visited Latvia in October.

The Latvian government was pleased with the report. "It represents the true state of things in Latvia," according to the Foreign Ministry press office.

The report said that the "individual violations which have been reported are limited and not related to discriminatory policy." It also recommended lowering residency requirements for citizenship to provide more security for Russian-speakers.

Invitations from Latvia and Estonia to human rights investigators were welcomed by the UN General Assembly's human rights committee on December 2, as it heard speeches from both countries about how they handle minority issues.

The Estonian delegation told the committee that before the June 1940 annexation into the Soviet Union, about 88 percent of the country's inhabitants were ethnic Estonians, a figure dramatically reduced by deportations to Siberia and settlement of Soviet citizens in Estonia. Estonian diplomats also explained that the Conference for Security and Co-operation in Europe had found no human rights violations during the country's presidential and parliamentary elections in September.

### Zvarde Rises From Ashes of Desecration

*93UN0545B Tallinn THE BALTIC INDEPENDENT in English 11-17 Dec 92 p 7*

[Article by Richard Tompsett]

[Text] In 1953, the small town of Zvarde and the agricultural region it served suddenly vanished from the Latvian map.

Three thousand farmers and town dwellers were displaced as the sounds of ploughs and farm animals were quickly drowned out by screaming Soviet aircraft dropping bombs on the fertile earth.

Like several other mysterious blanks on pre-independence maps of the Baltics, Zvarde's 500 farms

and 24,000 hectares of prime agricultural land were transferred by the Soviet authorities into a bombing ground for the air force.

Since the land around Zvarde was sacrificed to Moscow, Soviet jets have flown around 400 sorties monthly over the region, dropping between 12 and 100 bombs daily, and leaving a trail of pollution, deforestation and unexploded bombs.

Given the scale and inaccuracy of bombing assaults on the land, it is a miracle no one has died. Human remains have been blown out of graves in Zvarde's old cemeteries, and school windows have been shattered in communities up to 10 kilometers outside the bombing zone. As recently as August 1990, armed rockets have strayed up to 15 kilometers from the air force polygon (bombing range).

Almost 40 years after their untimely eviction, surviving Zvarde inhabitants are reclaiming their past. While most former residents have appeared after spending the last 40 years living near the polygon, others have surfaced as far away as the US.

But in dealing with the Russian military and its contempt for the local environment, many have found retrieving their legacies as tortuous as walking through a minefield.

Talks between Zvarde's renewal committee—a sort of revived municipal government in exile—and the local Russian military broke down last week, after the air force failed to leave by the December 1 deadline set by the committee.

It is but one chapter in an ongoing saga of promises broken by the local Russian air force regiment, who have ignored deadlines set by the government and renewal committee for bombing to stop.

The financially-troubled Latvian government has billed Russia for almost 25 billion Latvian roubles (US \$147,058,820) for use of the land and its anticipated clean-up. Although those involved in the area's renewal say such claims are merely symbolic, the setbacks have not deterred Zvarde's more dedicated sons and daughters.

"The people have a driving force to get back to the land," says Peteris Elferts, a Latvian-American who is helping orchestrate Zvarde's regeneration. "They're a tight group, bonded by the terror of what has occurred."

Like many Zvarde exiles, Mr. Elferts has claimed land on behalf of his family. All that remains of the original house on the 36-acre block are the foundations, on which Elferts plans to build when the military withdrawal is complete.

"This region is Latvia in miniature," he says. "All of Zvarde's hurt is Latvia's hurt."

Plans are already afoot to build roads, community buildings and to cultivate fields. But as Mr. Elferts says, in some cases it is more than a romantic attachment to the land which is reuniting Zvarde's community.

"People have been denied private ownership for 50 years. Now they can own something, they're grabbing it up," he says.

In the meantime, talks with the Russian air force remain stalled, and the Zvarde region remains little more than a dead zone. But as any former resident would tell you, it's back on the map.

#### Presidium Deputy Chairman Birkavs Interviewed 93UN0589A Riga DIYENA in Russian 28 Nov 92 p 10

[Interview with Latvian Republic Supreme Soviet Presidium Deputy Chairman Valdis Birkavs by DIYENA Correspondent Vita Petersone: "I Don't Have Enough Solitude: DIYENA Correspondent Vita Petersone Interviews Supreme Soviet Presidium Deputy Chairman Valdis Birkavs"]

[Text]

[Petersone] Summer has already passed and you are still living in Yurmala.

[Birkavs] The quiet and calm attract me and I want to spend the winter here. I am bringing everything I need from Riga. We have a nice apartment there (indeed, I have already declared myself to be the owner) but it's a noisy street and there isn't enough fresh air. But I also have a computer here and so I can work.

[Petersone] Why do you have a computer at home?

[Birkavs] I write (and study). I have completed the commentaries on V. Vitonis' book that was printed in 1939, "Obshchiy obzor prava" [A General Survey of the Law]—on Latvian law in the prewar period. In its time, this book was conceived as a textbook for middle schools. It explains legal norms which it is impossible to find in any other publication, and there are large sections on civil, trade and maritime law. Right now the parliament has reinstated the juridical force of checks and promissory notes and the deputies are asking what the rent bill or a promissory note signify...Therefore, we need to reinstate and explain all of the terminology and not only to the school children. I have always wanted to see our law systematized and understandable for everyone. I am attempting to carry that out which, I must say, doesn't come easy. Society's interests are too contradictory and are poorly understood in the calculation of the lawyers' considerations.

During the last two years, we have adopted more than 1,000 laws and decrees. However, they justly rebuke us because we have not created a system, that the laws are contradictory and that they have not been coordinated

among themselves. But we have been compelled to work without a system and to efficiently react to what is occurring.

On Saturday and Sunday, if there aren't more urgent matters, I write. I very much need to have the sea before me... At one time I wrote a dissertation in 30 days: from 6 a.m. until 10 p.m.—and that's how it was every day. Proximity to the sea causes a sensation of creative and physical freedom in me.

[Petersone] Did the subject attract you or did the very process of writing give you joy?

[Birkavs] I wrote my dissertation on "white-collar" crime—a subject that is timely even today. As for joy, if you cross the threshold into "the good old days" and sit with your face to the sea and begin to write, joy also comes. Sometimes it is even difficult to understand what makes me happy—the sea, that I have overcome myself and I am writing, or the subject itself. Perhaps, the sensation of the happiness of being causes all of that taken together. The sensation that I regain my sight and that I understand the interrelationships. A fantastic sensation and how little I needed it to arise: free time, solitude and the sea.

[Petersone] We frequently pose these questions to the members of parliament: How do they maintain their professional skills and with what do they intend to become involved when they once again return "to the people"?..

[Birkavs] You cannot pose that question to me. I thought about that before I decided to run for office. Besides political considerations, a strong legal argument convinced me. I was a university professor and understood that if we select the path of independence, all lawyers, including myself, will have to retrain in order to have the right to teach others. What's easier—to study or to develop new teaching materials?.. In any case, I will leave parliament a much more knowledgeable lawyer than I was before. So, there are no contradictions between my profession and my current employment. Indeed, I don't have enough trial practice but the present trial practice is just being born. And all of the mistakes of the laws adopted by us will be brought to light precisely in the process of that practice. It is extremely difficult to write an ideal law but it is possible. An example of that is the Constitution of the United States of America that was adopted 200 years ago.

Right now, it is interesting for lawyers to work: the laws are not only contradictory but they also have gaps. It is very fascinating although difficult to look for the gaps in the interests of a client. Moreover, a lawyer's work is better paying than a member of parliament's work.

[Petersone] And have you given up work at the university for good?

[Birkavs] In principle, yes—I don't want to work on the side. Lecturing requires a great deal of work for which I

don't have time right now. I love students and I suspect that my feelings are not unrequited. In any case, I didn't notice that they became bored at my lectures. Although initially anything could happen: I remember that I wrote 60 pages for my first lecture and, having read them, I discovered that there were five minutes left and I didn't have anything to say. A fine thread still ties me to the university—a small course which I teach to the students.

I personally don't see problems for myself in the future and I am not retaining a chair for myself. Frankly speaking, it sooner hinders me. I will gladly return to my students and I will write my series of lectures on the philosophy of law which I had begun thinking about still prior to the elections. I will also return to the work of a professional lawyer—you can't live on a lecturer's or professor's salary today. My former colleagues have already begun private practice and I don't see anything reprehensible in that—private practice, in contrast to theory, provides experience.

[Petersone] That is in case you are not elected. But if they elect you?

[Birkavs] All of us are interested in having the situation stabilize. Using the words of Indulis Berzinyts, if you assemble a good team, then... you can work a bit. Although I essentially think that I have passed through this stage, including the post of Supreme Soviet Presidium deputy chairman. Only repetition is possible in the future.

The meaning of life is diversity. I have exhausted myself in the work of a deputy, so what sense is there in being elected over and over again. Indeed, I admit that I may be useful through my knowledge and experience. I have never suffered from an inferiority complex.

At one time, it seemed to me that a man who has reached the summit in the state field of endeavor is not experiencing the need to rummage in scientific tracts, to research, to seek, to find, or to invent. Like hell! It's sooner the reverse. It is right now that I understand that the beginning was correct and that the meaning of life is precisely that—to dig deeply and not to strive to occupy some post. These posts were given to me easily, although I did not seek them, indeed, as you see, I also did not refuse.

I don't think that I should be elected at all costs. In principle for new thinking a new team is also required. There should not be any loudmouths on it. And there also should not be any of those people who are clearly striving for a deputy's position... I would like for at least 5-6 fellow countrymen from abroad, who would of course live here, to be in the Saeima. That is a mandatory condition. Having a Latvian mentality, they would introduce their foreign experience and vision of the problem in a world context. It is critically important that they would represent various regions. Of course, we would encounter various people among them but we would hope that the best would be elected.

[Petersone] Our conversation is proceeding properly and with restraint. I recall that Daynis Ivans was very emotional during our interview. Either the time is different or you are different... It's as if it's always calm around you (maybe, everything is still ahead)...

[Birkavs] I partially answered that question in a recent interview in connection with the Parliamentary Union Conference in Stockholm. I said that we are working quietly, stubbornly, and effectively. That wording seems acceptable to me.

I prefer the position of Cato the Elder. It's better if they ask why a monument has not yet been erected to him than why one has already been erected. For a beginning, you need to do something, you must not only yell and appeal. God forbid, I do not include Daynis in that category. An aura of Awakening surrounded him.

You can gain a lot with a fiery speech on television or with a statement in the press if, in the process, you set the goal of creating popularity for yourself. But right now I would more willingly write commentaries than grant you an interview. At the same time I understand that I must not live like a recluse and therefore I meet with journalists and with other people and that enriches me.

[Petersone] And still your popularity is increasing and people increasingly recognize you and comment...

[Birkavs] Popularity—that is an awesome burden. It bothers me right now more than ever. Body guards and similar things deprive me of the sense of freedom. Now I don't manage to drive alone in a car and listen to music. Of course, you can prove that bodyguards are necessary but I personally don't feel a need for them.

I can say unambiguously that I don't consider myself to be Ivans' successor in my current post. I agreed to be a candidate only under the following conditions: if the post of first minister would be eliminated, if a decree on two deputies would be adopted and if the initiative would proceed from Mr. Gorbunovs. So there is no succession whatsoever and there is a new position. Moreover, I don't find in myself any similarity to Daynis Ivans. He will remain in history and no one is capable of changing or rescinding that. I personally find Ivans as an individual, his political platform and even... his bold, possibly, not carefully thought out statements to be likable. After all, the man said what he thought. In my opinion, he did not want to summarize but we all understand that there are all sorts of people among us...

[Petersone] So far, we have read about the relations of heroes and the people in novels and essays about the French Revolution. Now this is occurring in our country before our very eyes.

[Birkavs] That's true. We are living in a unique time. Few people have managed to live through such an abundance of historical events. It is a fortunate time and the opportunity to be found in this parliament is also

unique. No one will have the opportunity to repeat what we have done, whether it's good or bad (and I am certain that it is good).

[Petersone] It is a remarkable time that has wrested you from your customary lifestyle.

[Birkavs] There is nothing tragic in my fate. I have not changed my life's rhythm and I have always thought that relaxation and work are only a change of pastimes. I don't complain about the shortage of time, although, as a rule, there isn't enough of it...

Right now, the only thing of which I have been deprived is solitude. It is awkward to be in public all of the time. Once I went to the lake to fish so I could sit alone and ponder serious matters, but I couldn't do it...

[Petersone] You are a sports-enthusiast, nearly a professional.

[Birkavs] I have become engrossed with various types of sports. One passion passes and another appears: first there was mountain skiing, later sailing, and now tennis. At one time, we participated in competitions on the Mediterranean Sea on the yacht Spannel, I can't forget that. Albeit because I had to pass nine examinations for a navigator's license.

I recently celebrated the entire day, as usual, in seclusion. On the morning of the anniversary, I thought about what has already passed and what awaits ahead. I sensed some sort of stagnation and the need for change. If I have one idea associated with sailing but right now I won't be able to...

[Petersone] You said that you are interested in the philosophy of law. How do you combine jurisprudence with philosophy?

[Birkavs] I was studying in the third year of the legal department when they opened the philosophy department. I began to study there at the same time. The framework of legal dogmas seemed to me to be too narrow and philosophy became my element.

Now, having acquired experience, I am returning to dogmas, indeed, at another level of understanding, while recognizing how important they are in jurisprudence. Each wording and each word are important in the law.

[Petersone] Here, in Yurmala, you live next door to Anatolijs Gorbunovs. You say that nothing has changed but before you had other neighbors... How do you get along as neighbors?

[Birkavs] I have never displayed any obsequiousness to highly-placed individuals. In my understanding, they are also people like everyone else—with their own joys and sorrows. I have normal, good relations with Mr. Gorbunovs. We greet each other and, if we have time, we talk. In my opinion, there shouldn't be barriers between people due to different social positions. Only two things exist that differentiate statesmen from other people.

They are busier and a great responsibility lies on them for their own words and deeds.

[Petersone] ... and they are capable of doing more than others.

[Birkavs] I doubt that. The system of blat [connections] still exists in our consciousness when it was thought that the boss could do everything. But the old system already no longer functions and I am trying to convince my voters of that. Of course, I do not intend to openly advertise my total helplessness and I always seek the opportunity to help them. And yet in the new system that we are now creating, each person is responsible for his own actions which should not extend beyond the framework of the law that is the same for all. So, the time of the bosses is passing. I would like very much for a time of law and not corruption to arrive in place of it.

[Petersone] I like your speeches on state holidays. And what you said while saying goodbye to Yuris Podnieks moved me to the depth of my soul...

[Birkavs] Thank you!

[Petersone] I want to ask: Do you write your own speeches?

[Birkavs] I have already been asked about that. Yes, I write my own. I don't know how to speak someone else's words. I say what I think. I don't know if I belong among the outstanding orators but I like to hold an audience... already since my time at the university. At times I become annoyed because I can't always say what I would like to. I was certainly still underestimating the formal significance of my post. These sensations are new for me—I have to keep track so that my style of speaking is restrained since you shouldn't joke during sessions.

They have asked me if I consider this post to be the summit of my career. No, my summit is behind me—that was when they elected me president of the Society of Lawyers. At the time, the post brought me the deepest satisfaction because it attested to the trust of my colleagues.

Right now, I am at the summit of responsibility. While conducting a plenary session, I have to continually control myself. I don't have the right to comment on the situation or to laugh at something, although there are sufficient grounds to do that. It turns out that I have entered a certain mode. Once, when I still permitted myself to say something, I immediately sensed that I was going outside the bounds... I have already said that the formal weight of my post is foreign to me. But I still often have to restrain myself: Valdis, you are on duty... And not because I am afraid to conduct myself naturally but because I need to think about how my words will be perceived. This is really something new that I have to deal with today. Indeed, I can't say that I constantly think about this—I conduct myself naturally as much as possible.

[Petersone] If you can smile in that regard, then everything is not that bad.

[Birkavs] I already said that at one time I had become engrossed with various types of sports. I can say that there has been a period in my life when my passion was politics.

[Petersone] The period of the beginning of the Awakening?

[Birkavs] Perhaps somewhat later...

In parliament, people are becoming somewhat more transparent. They are displaying interest until you don't recognize them. That does not mean that they are becoming worse, not at all, you simply can already predict their deeds. Sometimes I write down on a small piece of paper possible text what a deputy will say while he is rushing toward the microphone. I cover it with my palm of my hand and then I open it—yes, it coincides.

[Petersone] Do you want to say that the sensation of innovation has disappeared?

[Birkavs] It's very difficult when there are more than 100 people who are subordinate to you, each of whom has a personality. It seems to each of them that he is stating the truth or at least one of the truths. And each of them wants to disseminate his truth to the listener. A session of parliament is a process that is controlled with difficulty. In order to avoid the difficulties that frequently arise, you need stable orientation points. I have three of them: has the time-limit been observed; has the deputy's right to express his point of view not been violated; and will the juridical quality of the law be improved. These criteria help me to overcome critical situations.

[Petersone] Do you agree that the voters have the right to know everything that they wish to about you?

[Birkavs] When my wife and I were thinking about whether or not I would run for office, she said that she didn't want to live in a fish bowl. In principle, she is correct. We are as if in a fish bowl and you can look at us and study us. The voters have a right to be interested in the personalities of the deputies and to study their pockets and lifestyle. But maybe it isn't mandatory to penetrate the bedroom?

[Petersone] The reputation of a refined intellectual has been noted in you. You love to surround yourself with beautiful things.

[Birkavs] That is spoken with irony—you are too intelligent. We will not say that it is too much but I like to look to the root and to penetrate into the depth of the problem. This is a character trait.

[Petersone] You were chairman of the Arsenal Film Forum Selection Committee and your son is also engrossed in the visual arts. Does it turn out that film occupies a special place in your life?

[Birkavs] That is a subject for a separate conversation.

[Petersone] What has had a special influence on you?

[Birkavs] Of course, I read the novels from the "Zhizn zamechatelykh lyudey" [Lives of Remarkable People] series, but they did not have an impact on me. Then I remember well what an impression the French film Semeynaya Zhizn [Family Life] had on me. The main thing that I extracted from that film and to which I adhere to this day is the understanding that different people see one and the same situation in an entirely different manner. And in the hall of parliament I also see that the perception of the situation does not coincide because people see it differently and not because they are playing some sort of political games. It's simply that they are different and they have nothing to apologize for. Parliament is the only place where the most varied issues must be set forth and a compromise must be found. But then again, a compromise decision most often does not suit either of the parties but it is approved during the voting. It's as if everyone is opposed, everyone is not satisfied but they voted and it turns out that the majority is for it...

Sometimes it seems that the issue is so simple that it only remains for them to actually vote under Mr. Rikard proclamations of "Vote! Vote!". However, you only need to begin the discussion and new nuances are opened, and a great number of them. The problem deepens and you suddenly see that it is not as simple as it at first seemed.

In my opinion, this error is characteristic of Godmanis. He rapidly grasps the problem and its essence and rapidly shouts it to the entire world. And the world also responds to him with a shout—It, it says, is not quite like you say it is...

You can't do it that way, first of all, all sides need to enunciate and listen. Although sometimes there are so many opinions that it is impossible to make a decision. It happens that it is difficult to dwell on some aspect and then a chance factor may turn out to be decisive. Therefore, it seems to me that the time-limit and the voting process are important. And yet unfortunately chance plays a large role in our parliament. This occurs because a deputy does not feel the support of definite political forces behind him and is compelled to act alone.

[Petersone] Let's return to the beginning of our conversation—so, new elections are necessary.

[Birkavs] Yes and the sooner the better. Indeed, I myself voted for "no later than autumn". It was worded properly—"no later". And so it's already late...

[Petersone] And another thing—about the pretty things that surround you.

[Birkavs] You tell that to my wife and son and they will begin laughing. Everything that surrounds me is the contributions of my dear ones. Of course, it is more pleasant for me to live in this beautiful house right on the seashore than in a stuffy hovel. Yes, I go yachting but the

romantic moods have already been long forgotten: This is hard and difficult work. I gladly live in good conditions but I do not intend to waste time and efforts in order to improve them. I really don't like to do what others can do. My status provides such advantages as the availability of assistants and secretaries. I am not burdened with concerns about home and I am not tormented by the thought that my eternally worried wife is at home... in my opinion, that is very important. Of course, life is precious... But I can permit myself to be diverted from everyday life. There's a great advantage in that.

### Gorbunovs on Citizenship, Saeima Elections

93UN0588A Riga DIYENA in Russian 26 Nov 92 pp 2,4

[Interview with Latvian Republic Supreme Soviet Chairman Anatolijs Gorbunovs by DIYENA Commentator Ainar Dimants: "Time Is Working Against Us: Latvian Republic Supreme Soviet Chairman Anatolijs Gorbunovs Answers DIYENA Commentator Ainar Dimants' Questions"]

[Text]

[Dimants] The Department on Citizenship and Immigration Affairs predicts that at least 64 percent of the registered residents of Latvia will become citizens of our country. While speaking about the resolution of the citizenship question, in your opinion what political conclusions can be made while proceeding from the current results of the Register of Residents?

[Gorbunovs] In order to arrive at some sort of conclusion, a more profound analysis is needed but unfortunately there isn't one and there can't be one at my disposal since the registration of residents has still not been completed. As of this moment, approximately 60 percent of the residents have registered. We would have to touch upon other aspects.

Many people will obviously use the results of the March 1991 Survey for comparison. For a simple analysis, it would be most convenient to use two figures: the number of residents entered onto the rolls and how many of them participated in the survey. There were 1.9 million residents entered on the 1991 rolls, of which 88 percent participated in the survey.

That fact that according to the prediction, 64 percent of all of the people registered will become citizens of Latvia still does not provide the basis to assert that approximately that same portion of the population will participate in the elections. If you consider that usually 25 percent of all residents have still not reached voting age by the time the elections are held, and also that the Citizens Committee is agitating against registration and participation in the elections, and moreover that the attitude toward the elections will be ambiguous even without that kind of agitation, we can predict that, based on the sum of the various factors, less than half of the

people who participated in the 1991 survey will participate in the elections. Unfortunately, we will not be able to change anything here at this moment.

I fear that various political forces both in Latvia and also beyond its borders can use this percentage in various interpretations.

The only thing that we can undertake in this situation is to actively prepare for the elections and to participate in them, primarily by promoting registration. With the help of the referendum, we can determine only the possibility of noncitizens obtaining citizenship (according to Register of Residents data, 91 percent of registered noncitizens have expressed the desire to obtain Latvian citizenship).

[Dimants] While speaking at a meeting of Latvian ambassadors, you expressed the thought that the current transition parliament—the Supreme Soviet—must adopt the law on citizenship. Why do they need to act in precisely this way?

[Gorbunovs] If the Supreme Soviet adopts the law on citizenship and the citizens referendum confirms it, it will manage to avoid the enormous international pressure as a result of which maybe the Saeima will have to adopt a much more liberal law on citizenship.

Thus, time is working against us.

Internal tension is increasing along with international pressure. Animosity among people will become deeper. However, sooner or later the hatred and offenses return, just like a boomerang. In that case, I must ask—for the sake of what are we hesitating? Delay was justified until the time when haste was intolerable and because we needed to thoroughly investigate the situation. However, the longer we delay, the less aid based on understanding they will render to us. Our indecisiveness seems suspicious to many people and Russia will generously multiply these suspicions.

We need to understand that in any case the sum total of citizens will be one and the same during the course of the elections. In any case, the citizens themselves will decide.

In my opinion, the actions of the Estonians were more carefully thought out.

[Dimants] The Estonian Supreme Soviet reinstated the law on citizenship and a referendum on the expansion of the circle of citizens was conducted later.

[Gorbunovs] But in my opinion, in Latvia, the expansion of the circle of citizens before adoption of the law on citizenship could hardly be utilized as an intermediate step—unclear issues may arise in the future.

[Dimants] Why do you think that a citizens referendum is necessary on the law on citizenship that has been adopted by the Supreme Soviet?

[Gorbunovs] The Supreme Soviet's task consists of preparing the law on citizenship and its submission to a citizens referendum. No one anywhere will be able to dispute the results of the citizens' vote. That decision would correspond to the Constitution. Granting citizenship without conducting a citizens referendum will be subjected to doubt. Thus, doubts may also arise in the legitimacy of the elected authorities.

In the future, this could turn out to be a tragedy with unpredictable consequences for a small state and people.

[Dimants] What residence requirement should be passed in the referendum? What variation appears to be most acceptable to you?

[Gorbunovs] The citizens must approve or reject the law on citizenship, in accordance with which the years people have lived and worked in the republic and also knowledge of the Latvian language would become the primary criteria for obtaining citizenship. That period during which a person can, naturally, thorough his labor and knowledge of the language, become integrated into an alien society is 10-16 years. I personally would not attempt to strive for a a stricter residence requirement and I would vote for 10 years but then I would pay greater attention to knowledge of the language, culture and history—what are the years that a person has lived in a country if that person is hostile toward everything Latvian and doesn't even desire to learn the language!

Moreover, while discussing the issue of citizenship, we should consistently observe two provisions. First, legal continuity, that is, only the citizens or their representation can resolve the citizenship issue. Second, in our demographic situation, the criteria and procedures for granting citizenship must promote the inclusion of people of other nationalities into the Latvian environment and society who have lived here for a long time.

[Dimants] In any case, the citizenship issue can be submitted to a referendum at any time, even after the Saeima elections. Why must we mandatorily conduct the referendum before the elections to the Saeima? There will barely be an opportunity to begin naturalization prior to the elections.

[Gorbunovs] This is a question of time and principles. I will never understand, why do we need to prompt toward confrontation precisely during the elections the people who are loyal to Latvia and those who are hostile to it, having specially united them in a single common front? That is what substantially differentiates us from the Estonians. There the elections occurred quietly. In general, noncitizens generally did not have grounds for unrest since the Estonian Supreme Soviet reinstated the law on citizenship, the primary criteria in which—are two years residence in Estonia and knowledge of the state language. So, the prospect for a noncitizen was quite definite there.

I agree that the volume of naturalizations will be quite insignificant. The sum total of citizens of the Latvian

Republic will not be changed and that will not become an impediment for the citizens to express their will.

[Dimants] How realistic are the preparation and conduct of such a referendum prior to the elections—from the point of view of both physical and material capabilities and also the proportions of the political forces?

[Gorbunovs] Are we really so helpless that we cannot conduct a popular vote at the same time that the Lithuanians and Estonians have already done that twice?

Politicians fear results: if the citizens suddenly do not approve, if the required number of citizens don't select them, etc.

If the people will not think independently and will be passive, apathy will increase and will reach such heights that we will find ourselves incapable of democratically ruling the country. It's too bad, but this proposal has not yet found the support of the majority in the Supreme Soviet. Some people are convinced that any confrontation, specifically—on the issue of citizenship, will compel people of the nonnative nationality to leave Latvia. I can't agree with that. As I have already said—that will only unite them and prompt them to that confrontation from which the Latvians themselves will suffer. The insistence on quotas, the assistance of which must regulate the granting of citizenship also does not convince me. With regard to new arrivals—yes, but we still need to apply other criteria for those people who have lived here for many years.

Some deputies, as they say, "have folded their wings" and want to die before being plunged into the element of the market economy, since they already do not have their former jobs and have lost their skills. Who with a salary of 6,000-8,000 rubles can permit themselves to spend several months looking for work and becoming requalified? Many have already long ago pragmatically assessed the situation and have now already accepted other work. As a result of that, it seems that the majority of Supreme Soviet deputies are experiencing inferiority complexes. This is bad and even dangerous.

I have never evaded answers to difficult questions. And now I am expressing my own opinion. There may be other variations that I am also ready to discuss. Only movement imparts life.

But I strictly adhere to one principle: we must reinstate the law on the popular vote. If the parties don't have enough spirit then, by way of illustration, it will not be difficult for the readers of LAUKU AVIZE to put to a vote the issue on the need for a president elected by the people if the 4th Saeima itself recognized that need.

[Dimants] In your opinion, could the NFL [Latvian People's Front] faction in the Supreme Soviet carry out the idea of conducting a referendum?

[Gorbunovs] The NFL faction cannot make a single decision independently. Surveys on whether or not a Latvian Republic citizens' vote on the law on citizenship

is advisable could provide the impulse for the implementation of the idea of a referendum and whether or not the current Supreme Soviet can put the draft law on citizenship to a vote.

At the present time, popularity ratings are often being published. In my opinion, this is hardly the most important issue right now. We need to ask why surveys are not being conducted on more vital problems.

[Dimants] The conduct of a referendum prior to the elections to the Saeima will definitely postpone these elections. Delaying them will become a threat to the dynamics of Latvia's development and to the development of all of the countries of the Baltic Region. Maybe, from the political point of view, it would be better to conduct the referendum along with the elections?

[Gorbunovs] If something could become a serious obstacle for us, it is the Register of Citizens.

Somehow or other—the situation in Latvia is so complex that we cannot permit ourselves to make hasty or impetuous decisions. I hope that the seriousness of the situation will not permit us to simplify this problem.

I have attempted to conduct my arguments in response to your previous questions. The referendum simultaneously with the elections—that is the minimum. I would not like to orient myself on the minimum at a time when Latvia and Estonia are not afraid of bolder steps. Are we really doomed to that modesty?

[Dimants] The Supreme Soviet decree on recognition of the civil rights of Latvian residents, who they themselves or whose ancestors resided here until 1914 but who either did not manage or did not want to obtain the citizenship of our state in accordance with the first law on citizenship, caused sharp clashes of opinions. In your opinion, does it appear particularly vital that this is a deviation from the legal path and precisely that only citizens have the right to resolve the issues of citizenship or is the agitation caused primarily by the appearance of a precedent? Can't the decision be such that all of these precedents on citizenship must be strictly confirmed by the documented substantiation of their claims?

[Gorbunovs] Unfortunately, this decree has caused an unneeded confrontation, including the fact that it has confronted Western and Eastern Latvians. And it seems to me that the existing decision should not be repealed or terminated. If lawyers think that amendments are needed, they should submit them and make the appropriate corrections to the decree. The main thing is that we should stipulate on what documents the recognition of citizenship rights is based in the provision or explanation. Introduce these clarifications or provisions at a plenary session or in the Supreme Soviet Presidium—that is a task for the state minister and I hope that this will be done expeditiously.

## REGIONAL AFFAIRS

### Military Damage to Environment Surveyed

**93UN0546A** Tallinn **THE BALTIC INDEPENDENT**  
in English 11-17 Dec 92 p 7

[Article: "Environment Inspectors Survey Military Damage"]

[Text] If you hold a burning match too close to some streams flowing through the Tapa region of central Estonia, the water may catch fire. And if you walk upstream, chances are you will find yourself next to a Russian military installation, writes Richard Tompsett.

Baltic governments are just beginning to assess the impact of the Russian military's environmental legacy, as army and air force chiefs slowly but reluctantly open their doors to government inspectors.

In Latvia, where the ex-Soviet military still has around 600 installations occupying over 100,000 hectares of land, environmental officials are still barred from most military sites.

Those which inspectors have seen give an unsettling hint of the overall environmental picture.

In Uzava, the army training ground near Ventspils, over 450 hectares of forest have been destroyed in war games. Oil pollution from tanks and other hardware has destroyed or wasted soil across almost 60 hectares of land, and seaside shelling has laid waste to hundreds of metres of coastline.

Only in the last three months have Estonian environmental inspectors been able to make detailed impact reports on major installations.

According to Harry Liiv, head of the Estonian government's environmental protection unit, inspectors found over 200 "pollution sources" at Tapa military air base in central Estonia, including more than 30 tonnes of oil on the ground, and over 2,000 tonnes of waste metal.

A further 16 square kilometers are polluted by waste aircraft fuel which has seeped into natural water sources and increased water purification costs.

### Proposed Roadway To Link St. Petersburg, Berlin

**93UN0546B** Tallinn **THE BALTIC INDEPENDENT**  
in English 11-17 Dec 92 p 4

[Article by Andrzej Jeziorski: "Proposed Roadway To Link Baltics With St Petersburg, Berlin"]

[Text] A major European expressway through the Baltics may be built, alongside the much-touted Via Baltica route from Tallinn to Warsaw.

The Hansaway, proposed by a Council of Estonia study group and currently being assessed by the international Boston Consulting Group, would be a six-lane motorway linking St Petersburg to Berlin, via Riga, Kaliningrad, and the Polish port of Gdansk. Two possible alternative routes run diagonally across Estonia: either through Narva and Tartu, or just clipping the south-east corner of the country.

Although the Hansaway runs close to the Via Baltica route through Latvia and Lithuania, officials connected with the project deny any rivalry, saying that both routes are being considered and there is scope for co-operation. While the Via Baltica has strong support from Finland as a possible extension to the E 75 motorway which currently runs south from Gdansk to the island of Crete, the Hansaway is said to have generated a great deal of interest in Germany and Kaliningrad.

Estonian support for the project comes from the Council of Estonia's Baltic-Hanseatic Region study group, which includes the Council's former chairman and parliamentary deputy Tunne Kelam. The Council of Estonia disbanded after parliamentary elections in September. Mr Kelam says that the project would boost the Estonian economy by generating job opportunities in construction and motorway services, foreign business and tourism.

"It is obvious that it is a worthwhile project," said Mr Kelam, adding that it has generated interest from the transport ministers of both Estonia and Latvia. According to Mr Kelam, Estonia's transport minister, Andi Meister, has written to the Boston Consulting Group expressing the government's backing for the feasibility study.

According to Mr Kelam, the new road will be funded entirely by private companies, with tolls charged for its use.

Restoration work is now being carried out on a 50-year old existing motorway from Kaliningrad to the Polish border, which could eventually become a part of the new route. However, said Aleksander Kaldas, deputy director of Estonia's road administration, it will probably take three to four years before the project as a whole becomes financially viable.

"In our economic situation we must make decisions about priorities," said Mr Kaldas. "The present road network is sufficient for our traffic volumes—but after some years this may change."

Transport department officials have said that a four-lane motorway needs a traffic flow of around 12,000 vehicles per day to make it worthwhile. Present levels around Tallinn stand at about 10,000.

Investigations into the Via Baltica route, however, suggest that volumes may soar with its opening. It is estimated that 12,000 new tourists would be attracted to Estonia, on top of any new through traffic.

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